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NEWS SUMMARY

GENERAL

MPs in call to change 'sus' law

A Commons all-party Select Committee yesterday threatened to introduce legislation next session to repeal the "sus" law if the Government failed to act.

The Home Affairs Committee said it could not escape the continuing responsibility for its call earlier this year to change the law, covering intent to commit an offence, because of its effect on race relations.

In an unprecedented move, the committee warned it would place such a Bill before the House "if there is no measure to repeal 'sus' foreshadowed in the next Queen's Speech." Page 8

Hurricane peril

More than 110,000 people were evacuated from eastern Cuba as *Hurricane Allen*, with winds up to 170 mph, approached after after killing at least 30 people and destroying crops in Jamaica. **Back Page**

Carter promise

President Jimmy Carter addressed New York's black community and promised an "economic renewal programme" to rebuild the country's industrial foundation and create millions of jobs. **Back Page**

Iranian protest

A Tory MP said the 70 Iranians being held after the U.S. embassy protest in London should be deported if they refused to give their names and stayed on hunger strike.

Terror suspect

French police arrested Marco Affatiago, a suspect named by Italian police in connection with the Bologna railway station terrorist blast which killed 76 people.

Israel boycott bid

Islamic countries have asked all members of the United Nations to apply sanctions against Israel for ignoring repeated warnings against changing the status of Jerusalem.

Home for Prince

Prince Charles has bought Highgrove, a Georgian mansion at Doughton, near Tetbury, Glouc., from Tory MP Maurice Macmillan for an undisclosed sum, outbidding several other clients. **Page 7**

Killer crossing

Safety campaigner Mrs. Isobella Lazic was killed when a train hit her car on an unmanned level crossing at Delmore, near Inverness, which she had described as a "death trap."

Captain demoted

The captain of an Army supply ship which hit a German tanker carrying 1,500 tons of oil in the English Channel, was stripped of his master's certificate for gross misconduct and incompetence.

Pools pensioner

Pensioner Harry Crees of Birmingham was sceptical when his newspaper' horoscope said "financial matters will improve." But yesterday he learned he had won £625,000 on Littlewoods pools.

Briefly . . .

Peace talks between Greek and Turkish Cypriots will be resumed in Nicosia on Saturday after a lapse of more than a year.

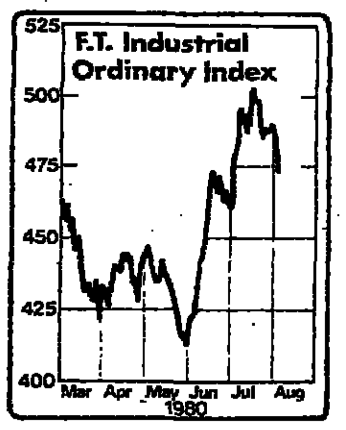
A Brazilian Bill that could mean *the expulsion* of thousands of foreigners, including Train Robber Ronald Biggs, became law.

Plans to rename Liverpool streets in honour of the Beatles will be considered by the city

BUSINESS

Equities off 7.8; Gold weaker

● **GILTS** fell sharply, with losses of more than three points *in longs and a point in shorts.* The Government Securities index closed 1.48 off at 68.67. Page 26



● **EQUITIES** followed gilts, and the FT 30-share index dropped 7.8 to 473.1. Page 26

● **GOLD** closed $2 down in London at $627.5. Page 21

● **STERLING** remained firm, advancing 2 cents to $2.3750. Its trade-weighted index was 75.2 (74.9). **DOLLAR** fell to DM 1.7685 (DM 1.7760), and its index was 84.2 (84.4). Page 21

● **WALL STREET** was 3.41 up at 933.19 near the close. Page 24

● **TENDER** offers and changes in the Takeover code will be considered today by the Council for the Securities Industry as options for stricter control of "dawn raids." Page 7.

● **CONSULTATIVE** document released by the Government recommends plans to improve Royal Dockyards productivity by more than a fifth and a big rise in work subcontracted to the commercial sector. **Back Page**

● **SPANISH** Cabinet approved measures to provide *Pta32bn* (£190m) to help the country's tourist industry and solve water supply, pollution and sanitary problems. **Back Page**

● **IMPORTERS** took a record 29 per cent of the U.S. car market *in July, according to preliminary* industry estimates. **Page 4**

● **MOTOR** components industry warned that nearly 150,000 jobs would be lost in the UK unless action was taken against vehicle imports. **Page 6**

● **OIL** industry is expected to make a record number of applications for the new round of UK offshore licences, in which 90 blocks are on offer. **Back Page**

● *GOVERNMENT figures show* that oil companies are facing a severe and prolonged slump in demand. **Page 6**

● **TANKER** drivers' union representatives agreed a claim involving pay bill increases well above the rise in the retail price index. **Back Page**

● **CUMMINS** diesel engine group plans to cut its workforce by more than 600 in response to the worldwide fall in demand for engines. **Page 6**

COMPANIES

● **GLYNWED**, the engineering and building products concern, raised first half pre-tax profits by £381,000 to £9.02m on turnover of £188.5m (£169.9m). Page 19 and Lex, Back Page

● **SMITH BROS.**, the jobbers, finished the year with pre-tax profits of £1.2m against £282,905 after a second half rise from £60,295 to £1.72m. Page 19 and Lex, Back Page

● *J. BIBBY and Sons, the industrial* and agricultural group, lifted first half pre-tax profits by £530,000 to a record £4.55m after an improved trading performance from the industrial division. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Kwik-Fit	81	+ 3
Milford Docks	125	+ 10
Second City Props.	62	+ 8
Hartebeest	£30¾	+ ¼
Kloof Gold	£14¾	+ ½
Malayan Tin	960	+ 50
FALLS		
Treas. 15pc 1985	£104¾	− 1½
Treas. 13¼pc 1997	£97¼	− 3½
Allen Harvey Ross	400	− 15
Bassett (G.)	37	− 10
Bibby (J.)	198	− 12
Bowater	178	− 6
British Aluminium	168	− 17
Commercial Union	140	− 6
Dowty	220	− 10
First Nat. Finance	22	− 2
GEC	464	− 12
General Accident	308	− 10
Highland Distlls.	114	− 4
Hoover A	150	− 17
House of Fraser	137	− 3
ICI	358	− 8
Land Securities	352	− 10
Leigh Interests	168	− 10
Lloyds and Scottish	153	− 9
MEPC	217	− 7
Newarthill	318	− 7
Pearl Assurance	382	− 14
RMC	185	− 5
Rotaprint	12	− 3
Rowntree Mack'tosh	150	− 6
Trusthouse Forte	178	− 7
UDT	58	− 4
Unilever	471	− 20
Union Discount	470	− 8
United Newspapers	200	− 13
Aran Energy	412	− 16
Central Pacific	£29¼	− ¾

Gilts fall, sterling rises as markets study money supply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

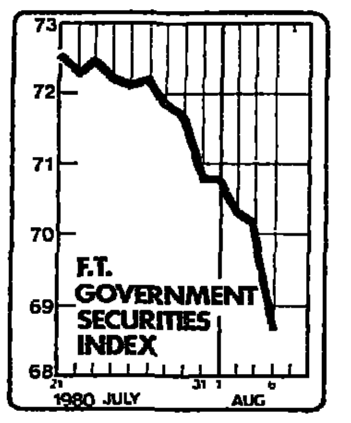
PRICES OF gilt-edged stocks plummeted yesterday and sterling rose sharply as the City *financial markets assessed the* implications of the 5 per cent jump in the money supply last month.

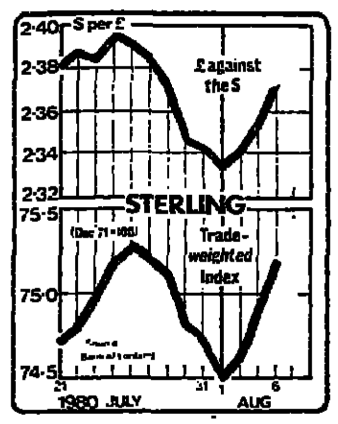
Treasury ministers attempted to give reassurance. They stressed Government intentions of pursuing a tight monetary policy *and of reducing money* supply growth to within the target range by the end of the financial year.

City markets were yesterday still confused by the figures. Analysts were finding it difficult to isolate the underlying trend from the massive distortions caused by the switching back of lending within the measured money supply after the end of the corset restrictions on banks in mid-June.

The main immediate conclusion was that Minimum Lending Rate would remain at its present level for some time. Together with a further rise in short-term money market rates, this explains the contrasting movements of sterling and gilt prices.

The pound rose two cents against the dollar to $2.3750 for a rise of four cents since the end of last week. Sterling also strengthened against the main Continental currencies so that the trade-weighted index of its value against a basket of other currencies gained 0.3 points to 75.2.





In contrast, there was heavy selling in the gilt-edged market as investors adjusted to the prospect of a further period of high interest rates. There were losses of up to £3½ in long-dated stocks, of which £1 occurred late on Tuesday, following sharp falls in the previous few days.

Consequently, the FT Government Securities index has now dropped by nearly 5 per cent since the beginning of last week.

Partly-paid stocks, on which large calls are due in the next month, have been particularly hard hit. The 1991 tap stock yesterday dropped by £2¼, from its closing level, to £15¾ compared with the Government Broker's selling prices of £20¼ less than a fortnight ago.

There is no immediate pressure on the Government to resume funding by selling stocks, though ministers yesterday were keen to calm the markets.

Sir Geoffrey Howe, Chancellor, and Mr. Nigel Lawson, Financial Secretary, both stressed that the large increase in the July money supply was

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Labour filibuster forces concessions on housing

BY PHILIP RAWSTORNE

THE GOVERNMENT was forced to make substantial concessions in its Housing Bill in the Commons yesterday to extricate its business from procedural chaos.

Further disruptive tactics by Labour MPs, which held up proceedings for 2½ hours, secured the reluctant agreement of Mr. Michael Heseltine, the Environment Secretary, to exclude some 200,000 homes for the elderly from the Government's sale of council houses.

Similar provisions will be made for local authority homes in *Scotland.*

The Government had intended to throw out an amendment to the Bill on this issue, which had been carried in the Lords.

Labour MPs also succeeded in reducing the Government's timetable to such a shambles that Mr. Norman St. John Stevas, Leader of the Commons, had to rearrange business for the second time in 24 hours.

Plans to cram a two-day programme into an overnight sitting yesterday, following the loss of Tuesday's business, had to be abandoned.

Instead, debates planned for today on Commons reforms and *financial assistance* to the Opposition parties have been deferred until the tutumn overspill session.

The decision will not affect the present finances of the Parliamentary Labour Party; nor will postponement of procedural reforms, aimed mainly at adaptations of the select committee system, cause additional problems for the Government.

There is no question of changing the procedures which have enabled Labour MPs this week to outmanoeuvre the Government and force it to make concessions or lose its legislation.

Mr. Michael Foot opened yesterday's Commons row with a protest against the Government's attempts to push two days' business through the Commons. It was "an absurdity and an outrage," he declared.

Labour and Liberal MPs joined in, raising one point of orde rafter another.

Thirteen Labour MPs, in a move to cause further delay, tabled applications for emergency debates.

Mr. Arthur Lewis, Labour MP for Newham North-West, heatedly warned that the Speaker would have to suspend him if the situation were not resolved.

Mr. George Thomas, after 50 minutes of wrangling, announced from the chair that the sitting would be suspended for ten mintues.

Parliament, Page 8

Low demand hits profits

BY REG VAUGHAN

THE EFFECTS of the big downturn in consumer spending on company profits was illustrated yesterday in the interim results from two major UK manufacturing companies which showed sharp falls in profitability in the second quarter of the year.

Tube Investments, the engineering and domestic appliances group, reported pre-tax profits down by £6m to £24.2m in the first six months of 1980, and warned of "painful and expensive adjustments" it has had to make to combat difficult trading conditions.

Hoover announced a drop of 8 per cent in second quarter *turnover, with trading profits* falling from £598,000 to £170,000. Allowing for currency losses, the group showed a pre-tax loss of £209,000 for the second quarter. This left it with a profit for the half year of £1.56m against a deficit of £981,000 in the same period of 1979.

These results come just a few days after a warning from the Confederation of British Industry that the recession which has hit industry in the last few months will worsen sharply during the autumn.

Manufacturing companies are forecasting further sharp declines in their order books and in levels of output. Profits and liquidity are also expected to come under pressure as companies feel less able to raise prices.

Sir Brian Kellet, chairman of TI said yesterday that despite *the disruption caused by the* steel strike first quarter results "held up well," but in the second three months the group suffered from a "sharp and severe reduction in UK consumer spending." The parts of the group most affected were the domestic appliance business (where profits fell from £6.7m to £4.9m) and those related to the automotive industry where extensive short time working became necessary.

Hoover, which is cutting its interim dividend from 5.61p to 4p per share, said that reduced demand in the UK had made market conditions difficult. *Competition* was severe, especially from imported products which benefit from the high value of sterling.

Hoover's share price fell by 17p to 150p yesterday, largely reflecting the cut in the interim dividend. TI, which is holding its dividend at 12.5p, gained 2p at 258p.

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Zimbabwe Minister on death charge

By Tony Hawkins in Salisbury

MR. ROBERT MUGABE'S Government was last night plunged into an embarassing and potentially damaging crisis when Salisbury police charged Mr. Edgar Tekere, number three in the ruling ZANU-PF party hierarchy, with the murder of 68-year-old white farm manager.

A terse official statement said that Mr. Tekere, the 43-year-old Minister of Manpower Developemnt and Planning and secretary general of the party, appeared before a Salisbury magistrate yesterday and was remanded in custody after being charged with the murder of Mr. Gerald Willim Adams at Stamford Farm, eight miles from the city, on Monday afternoon.

"Several other persons" had also been arrested and would appear before the courts "in due course."

Mr. Tekere's arrest has potentially sensational implications not only because of *his role as leader of the* radicals but also because he has been in the forefront of those Ministers who have attacked the coalition arrangement with Mr. Joshua Nkomo's Patriotic Front. The Ministers have also warned that *the Government* is in danger of going "soft" and straying from its Marxist principles during the seven-year liberation struggle.

Mr. Tekere's arrest would appear to mark the end of his hitherto promising political career. As leader of the radical wing of ZANU PF he was regarded by many as the logical successor to the Prime Minister, who is 10 years older than Mr. Tekere.

The Salisbury court proceedings could hardly have come at a more embarrassing moment for the Prime Minister, whose long-time friend and ally President Samora Machel of Mozambique is on a five-day state visit to Zimbabwe.

White Rhodesian Front MPs in Parliament yesterday successfully sought an assurance from the Government that there would be no political intervention or "cover up" in the Tekere case.

£ in New York

--	Aug. 5	Previous
Spot	$2.3555-3565	$2.3555-3565
1 month	1.56-1.53 dis	1.55-1.50 dis
3 months	3.59-3.54 dis	3.52-3.47 dis
12 months	7.15-7.05 dis	6.95-6.85 dis

TUC blocks Howe move in NEDC

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S first attempt to stage a formal debate about pay restraint in the National Economic Development Council failed dramatically yesterday when TUC leaders stopped the Chancellor of the Exchequer discussing the subject.

Mr. Len Murray, TUC general secretary, refused to let Sir Geoffrey Howe open yesterday's meeting of the Council with a discussion on pay because the union leaders objected strongly to the existence and wording of a policy paper Sir Geoffrey had circulated in advance.

In the first significant confrontation within the Council since the General Election, Mr. Murray forced the Chancellor to move the subject to the bottom of the agenda.

Discussions on other subjects such as energy pricing and industrial aid then took so long that the item was not reached, and Sir Geoffrey was reduced to obtaining grudging and vague acceptance from Mr. Murray that he might table the issue again when the Council next met, early in October.

Ministers and officials tried later to defuse the affair by saying that the subject of pay had not been reached because Mr. David Howell, the Energy Secretary, had talked at such length about energy pricing.

But it was clear that Mr. Murray had no intention of letting the issue be debated.

The offending document represented Sir Geoffrey's first major attempt to have union leaders discuss pay in the Council.

It bluntly warned that the Government intended to operate increasingly tough cash limits to restrain pay rises in the public sector, and stated that "excessive pay settlements can only retard progress" toward economic recovery.

There were no new policy statements in the paper, but its tone angered the unions, as did its invitation to discuss impact of wage rises on competitiveness and corporate liquidity.

Mr. Murray told the Chancellor that such a paper had not been agreed by the Council's joint co-ordinating committee, that it was not in tune with the rest of the agenda, that it had been "leaked" in advance, and that the Government knew the TUC was not prepared to discuss pay as a specific subject.

Some other NEDC members *were surprised that the Chancellor* should have tried such a blunt approach only a few days after the Employment Act received the Royal Assent and less than a month before the annual TUC, when union leaders are likely to be espe*cially sensitive.*

But the TUC suspected that Sir Geoffrey wanted to demonstrate that he was talking to the unions about pay problems, blaming them for the country's economic problems.

Sir Geoffrey has been tentatively nudging the Council round to discussing pay issues as part of a macro-economic debate. Together with the Confederation of British Industry, he would like to be able to table wage issues in the same way that the Council tackles subjects such as unemployment, industrial decline, North Sea oil or competition policy.

The NEDC would then be used to try to spread public understanding of economic issues, including pay, and would perform some of the functions envisaged by the Conservative Party before the General Election for a new, more broadly-based pay forum.

TUC seeks changes on support for industry, Page 7
MPs criticise running of *employment services, Page 9*

Teachers to get pay rise

BY ELINOR GOODMAN AND MICHAEL DIXON

STATE TEACHERS are to be paid the full £660m salary increase recommended by statu*tory arbitration.* But the Government will not relax cash limits on public-sector pay.

The Prime Minister, who initially opposed the recommended increases to 500,000 teachers as too high, is determined that the rises should *teach public-sector workers that* cash limits cannot be exceeded without job losses.

Local education authorities will, therefore, have to cover the excess costs of the teachers' increases by cutting school staff and making other economies in educational spending.

The Government has started discussions with local education authorities on possible changes

Continued on Back Page

Prague goes into nuclear reactor business

BY LESLIE COLITT IN BERLIN

WHEN CZECHOSLOVAKIA'S Skoda Engineering Works recently exported a nuclear reactor to Hungary, it marked the first time a Comecon country other than the Soviet Union had provided nuclear components to another.

The basic technology, however, was the Soviet Union's tried and tested WWER 440 MW pressurised water reactor now being produced under licence by Skoda in Plzen. Before the Czechoslovak-made reactor was delivered to Hungary's first nuclear power station at Baks, it had to be sent to the Soviet Union for inspection. It is hoped that this costly procedure will be simplified in future.

Czechoslovakia plans to build at least 17 such reactors by 1985. This is part of a programme to instal 37,000 MW of nuclear generating capacity by 1990 in the six small Comecon countries and 110,000 MW in the Soviet Union.

The German Institute of Economic Research estimates that by the end of this decade Eastern Europe will derive 25 per cent of its electricity from nuclear power stations and the Soviet Union more than 20 per cent. Last year, Comecon produced only 4 per cent of its electricity from nuclear plants.

Dr. Vladislav Kratky of Skoda Engineering said the 440 MW reactors are worth the equivalent of $25m each to the company and that a contract has also been signed to build a reactor for East Germany's Greifswald nuclear power station. After 1985, he said Skoda will start building and exporting Soviet-licensed WWER 1000 MW reactors.

Czechoslovakia itself recently installed its second 440 Mw reactor at the Jaslovske Bohunice nuclear power station. Power plants of 1760 Mw are being built near Brno and in western Slovakia. But it is a 4,000 Mw nuclear generating plant near Budejovice, which is planned for completion in 1990, that is causing concern in Austria and West Germany because of its proximity to the cities of Linz and Passau.

Mr. Jan Neumann, chairman of the Czechoslovak Nuclear Energy Commission, said recently that after 1990 sodium-cooled fast-breeder reactors are to be installed which will use the lower grades of Czechoslovak mined uranium ore. Since 1945, Czechoslovakia's mines have been an important source of uranium for the Soviet Union which now provides the Czechoslovak reactors with the enriched *fuel*.

Bremen riot inquiry reveals rifts in coalition

By Roger Boyes in Bonn

A WEST German Parliamentary inquiry into last spring's violent riots in Bremen has exposed embarrassing cracks in the ranks of Bonn's coalition Government.

Rioting erupted in the city-state of Bremen last May after police clashed with demonstrators protesting against a military oath-taking ceremony. Several hundred people, including about 200 policemen, were injured.

Herr Gerhard Gaum, the Interior Minister (who is a Free Democrat) has testified that Herr Hans Apel, the Defence Minister (who is a Social Democrat) did not pass on to him advance information, gleaned by military counter-intelligence, about the demonstration. Normally, Herr Baum should have been warned.

He is responsible for the Federal Criminal Investigation Office which is in charge of ensuring the security of Professor Karl Carstens, the German President, who was the guest of honour at the ceremony.

However, Herr Apel did inform both Chancellor Helmut Schmidt, and Herr Hans Koschnick, the SPD Mayor of Bremen.

Although Herr Baum has tried to play down the incident it is clear that there has been considerable friction between civilian and military intelligence, Bremen's ruling Social Democrats and the Interior Ministry, and between the *Parliamentary SPD and FDP*.

The opposition Christian Democrats have been watching with a certain amount of glee as the buck is passed, at increasing speed, between Bonn and Bremen.

The Bremen affair is only one recent incident to highlight poor communication between the coalition parties. Thus, at the end of the Parliamentary session last month, two SPD-FDP-sponsored Bills were unexpectedly defeated by defections from the coalition ranks.

One measure was an anti-noise Bill, allocating public funds for sound-proofing of certain houses. After helping draw up the Bill, the FDP suddenly withdrew support, causing it to be embarrassingly defeated.

Another Bill on conscientious objection was also defeated when 10 Social Democrats decided to withdraw their support

The opposition is interpreting these moves as a sign that the basis of common interests between the coalition parties has dried up after almost 11 years of Parliamentary collaboration.

Indeed, some of the coalition conflicts — notably over workers co-determination in industry—reflect almost unbridgeable differences.

But a more plausible explanation is that the FDP is committed to creating more independent image for itself in the run-up to the October elections, especially after recent setbacks in state elections.

The end of a legislative period, with its flurry of last-minute legislation, also usually complicates communication between the coalition parties.

Italy's foreign currency reserves decline by $1.8bn during June

BY RUPERT CORNWELL IN ROME

A SUBSTANTIAL re-valuation of the gold component of the Bank of Italy's reserves has masked only partially a significant drop in the central bank's holdings of convertible currencies, the front line ammunition for any defence of the lira.

According to figures from the Bank yesterday, the total official reserves had risen by the end of June to $54.9bn (£23.4bn) against $44.5bn (£18.9bn) at the end of May, and $34.5bn (£14.6bn) exactly 12 months earlier.

This advance reflected step-by-step an increase in the worth put on the 2,500 tonnes of monetary gold held by the Bank of Italy, revalued periodically according to a formula related to the bullion fixing price. The gold stock was valued at $34.5bn at the end of June, compared to $16.79bn at the end of June last year.

Convertible currency holdings *of the central bank*, however, declined to $8.1bn from $9.9bn a month before, and $12.4bn a year earlier.

The drop probably reflects the support which the Bank was obliged to give the lira in May, and especially June, amid speculation about a currency devaluation, in the run-up to the economic stabilisation package introduced by the Government at the start of July.

Throughout the first six months of this year not only the trade balance, but also the balance of payments, were heavily in the red. But the signs now are that matters are improving with the onset of the tourist season, traditionally a *period of foreign currency* inflows.

There is also some evidence that the trade imbalance is starting to right itself, as the long-forecast economic slowdown begins to be felt.

Meanwhile, inflation is now apparently quickening after a period of respite. The national statistics institute says consumer prices climbed 1.7 per cent in July, bringing the year-on-year rate back up to 21.6

Bologna bomb suspect arrested

BY OUR ROME STAFF

A PRIME neo-*Fascist suspect in* the Bologna station massacre was arrested in Nice yesterday, hours before the state funeral for the victims began in the city.

Sig. Marco Affatigato, long linked with the most violent wing of ultra-right extremism in Italy, was picked up by French police acting on an international warrant issued by Italian magistrates investigating the bombing which has claimed 77 lives.

He has been a wanted man since 1978, and is believed to have been an accomplice in the 1976 escape of the neo-fascist Sig. Mario Tuti who was subsequently recaptured, and charged with responsibility for the Italicus train bombing six *years ago* in which 12 people were killed.

Police first began linking Sig. Affatigato with the Bologna blast when survivors identified his photograph with a man seen behaving suspiciously with a suitcase in the station waiting-room.

As Italy officially mourned the victims of Europe's worst terrorist tragedy, about 300,000 *people* packed Bologna's Piazza Maggiore to pay their last respects in an atmosphere of tension.

The bitter feuding between Christian Democrats and Communists—which has extended even to the Bologna outrage—had increased fears that mass rallies after the funeral might be marked by violent protest against the Government's alleged incapacity to deal with terrorism.

This charge was again bluntly levelled yesterday by Sig. Enrico Berlinguer, the Communist leader, who has been maintaining a vigorous campaign to topple the administration of Sig. Francesco Cossiga, the Prime Minister.

He clearly hopes to turn the fact that stricken Bologna is a Communist stronghold to his party's advantage.

But Sig. Flaminio Piccoli, the Christian Democrat Secretary, yesterday dismissed Sig. Berlinguer's attack as clumsy and counter-productive, sterile and blatantly tactical.

Dutch jobless at post-war peak

BY CHARLES BATCHELOR IN AMSTERDAM

DUTCH UNEMPLOYMENT rose o more han 250,000 a he end of last month, setting a post-war record. With more lay-offs likely in the building industry and many school-leavers signing on the dole for the first time, the figure is expected to rise further this autumn.

The July jobless total showed a strong increase for the fourth successive month, rising by 11,700 o 250,900, or nearly 6 *per cent of the working* population, according to provisional, seasonally adjusted figures from the Social Affairs Ministry. The unadjusted number of people out of work rose by 26,600 to 248,300 in the month.

The increase in the number of unemployed was matched by a decline in vacancies. The seasonally adjusted figure registered with labour offices fell by 4,300 to 48,200.

The largest union grouping, the Netherlands Trade Union Confederation (FNV), described the July unemployment figures as a "dramatic low point" and a sign of the failure of the *Government's policies.*

The cabinet's economic plan produced soon after it took office at the end of 1977 aimed to reduce unemployment to 150,000 by 1981, hough Ministers have conceded this is unrealistic.

Dutch unions have been pressing for a fairer distribution of the work available through cuts in hours. Moves have been made towards early voluntary retirement and longer holidays, but radical proposals for a 35-hour week have been rejected

The industrial union affiliated to the FNV last month said it was prepared to accept a *temporary reduction in real wages* if this would create jobs. It is the largest Dutch union, representing 310,000 workers in the metal, textile and chemical industries.

Professor Zolotas: Recycling scheme

Greece revives oil fund plan

By Our Athens Correspondent

PROFESSOR XENOPHON ZOLOTAS, the Governor of the Bank of Greece, yesterday *revived his proposal for a new* international organisation to assist the orderly recycling of oil funds from surplus to deficit countries.

Prof. Zolotas told a Press conference that recycling would not pose any particular problems this year. But the world faced the prospect of successive oil-price rises and diminishing capacity among oil producers for imports because of the completion of the bulk of their infrastructure. International commercial banks were also becoming increasingly reluctant to extend credit to countries with rapidly rising external debts, while several commercial banks were overexposed in their lending to the most indebted countries.

His solution to the problem would be a permanent organisation, to be called the International Loan Insurance Fund, which would represent the industrial world and the oil producers and operate under the auspices of the World Bank.

The fund would provide guarantees for private international loans and would serve to secure and enlarge the flow of funds from the private capital markets towards deficit and particularly developing countries.

Guarantors in this scheme would be the International *Monetary Fund, the World* Bank, the major industrial countries and the surplus countries of the Organisation of Petroleum Exporting Countries.

Upward trend in Spanish unemployed

By Our Madrid Correspondent

FIGURES FROM the official statistics institute show an apparent drop in unemployment in Spain between the first and second quarters of 1980. The fall, however, is due to a change in the basis used for computing the statistics.

For the first time 14-year-olds have been dropped from the active population. The international practice has been adopted of basing the census on 16-year-olds and upwards. Thus, some 80,000 people have been excluded.

Officials say this explains the drop in unemployment compared to the first quarter—from 1.47m to 1.43m. If the former census basis were continued, the number of unemployed would reach almost 1.52m, or 11.7 per cent of the population.

Strikingly, there has been a drop in those seeking their first jobs—from 533,000 to 492,000. Unemployment has risen almost 4 per cent in agriculture, which is enjoying an exceptional year. In industry and services, the tendency has been for rises of just under 3 per cent. No change in the overall trend is expected until the fourth quarter.

Spain has by far the largest proportion in Europe of active population unemployed, but it also has the smallest active population, equivalent to 35 per cent of total population.

Cyprus talks to reopen in Nicosia

By Our Nicosia Correspondent

PEACE TALKS between Greek and Turkish Cypriot representatives will be resumed in Nicosia on Saturday, after being in recess since June last year. The move follows months of patient diplomacy by United Nations officials to overcome procedural obstacles.

The meeting will take place at the Ledra Palace Hotel which is situated in no man's land. An opening statement will be made by Mr. Hugo Gobbi, the special envoy of Dr. Kurt Waldheim, the UN Secretary General. He has been shuttling between the two sides in search of agreement on a procedure for reconvening the talks.

Discussions to try to settle the war-divided island's long-standing problems, will begin in earnest on September 15. Cyprus has been divided since the summer of 1974 when Turkish troops invaded the island in the wake of a Greek-led coup. They seized nearly 40 per cent of the territory which later proclaimed itself the Turkish Federated State of Cyprus.

A UN spokesman said both sides had promised to carry out the talks in a "sustained, continued and constructive manner" and that all aspects of the problem would be discussed.

The main stumbling block has been the interpretation to be given to the term "bizonal" settlement, which the Turks insist should be accepted in advance by the Greek Cypriots.

Iran expected to name new Premier today

BY PATRICK COCKBURN IN TEHRAN

A NEW Prime Minister for Iran should be nominated today, according to President Abol Hassan Bani-Sadr, but it is not clear who will get the job. The name will next be presented to Parliament for confirmation.

The selection of a Prime Minister and Cabinet has been blocked by bitter disagreement between the President and the clergy-led Islamic Republican Party which has a majority in the assembly.

Mr. Bani-Sadr's first choice, though a member of the IRP's central committee, proved insufficiently hard-line for many MPs. Even if the new nominee is approved it does not necessarily mean an end to the political wrangling. Parliament could argue over each Cabinet Minister in turn.

A powerful leader of the IRP, Hojatoleslam Hashemi-Rafsanjani, who is also Speaker of Parliament, confirmed that the nomination of the Prime Minister would take place today.

The chances of a temporary respite in the quarrel over the choice were increased by an impatient speech from Ayatollah Khomeini, Iran's leader, yesterday. He attacked the Press for encouraging factionalism, *and also denounced* the wrangling of politicians who had lived in exile while others were being killed in Iran fighting the Shah.

It is not clear how far the IRP has abandoned its demand for one of its hardline members to be appointed to head the Government. The party's original nominee, Mr. Jalaluddin Farsi, was unacceptable to the President and over the last week a special commission has been considering a list of 13 names.

Reuter adds: The effect of economic sanctions by western countries and Japan against Iran is unlikely to intensify much from now on, Mr. Ali Reza Nowbari, governor of the central bank, said yesterday.

Referring to Iran's battle to recover the assets of the former Shah, Mr. Nowbari said the former monarch's death in exile in Cairo last month would complicate matters only slightly.

"It is going to maybe harden it a little bit in the sense that there would be a process of inheritance, on his part that we have to battle in courts."

Mr. Nowbari added that it was difficult to work out systematically how much the ex-Shah had taken out of Iran over the 37 years of his rule.

The central bank had so far claimed $32bn (£13.6bn) through attachment orders obtained from the Iranian Justice Ministry and courts. The bank believed that $20bn of that was outside Iran.

Mr. Nowbari said the bank's task would have been to try to locate the wealth and prepare legal documents to take the ex-Shah to court. Now the task had become a bit more difficult as his widow or son have to be taken to court.

Baghdad calls for early summit on Mideast

BY OUR FOREIGN STAFF

IRAQ IS understood to be pressing for an early Arab summit meeting to discuss the Middle East. The Iraqis want serious consideration to be given to the use of oil sanctions against the U.S.

At the UN, member-states of the Islamic Conference, including Iraq, circulated all UN members yesterday calling on them *to apply sanctions against Israel* because of its refusal to heed repeated warnings against changing the status of Jerusalem. The 40-nation group of Moslem states formulated a resolution, which the Security Council is expected to consider by the end of the week.

The Iraqi proposals for greater pressure on the U.S. are believed to have been put forward by President Saddam Hussein of Iraq during his overnight stay in Taif, Saudi Arabia, where he saw King Khaled, Crown Prince Fahd and other Saudi leaders.

Mr. Hussein returned to Baghdad yesterday after talks on bilateral and international *issues, according to Radio* Riyadh. His surprise visit—the first by an Iraqi Head of State for over 22 years—was made without prior announcement, but was seen as symptomatic of the growing rapprochement of the two leading Arab oil producers.

Iraq is among those Arab states which insist that no grace period should be given to the U.S. Administration because of the run-up to the American presidential election.

Co-ordination of policy in the Gulf is also believed to have *figured largely in the Taif* talks. Saudi Arabia and Iraq have been united in their opposition to the Soviet intervention in Afghanistan and to any super-power intervention in the Gulf.

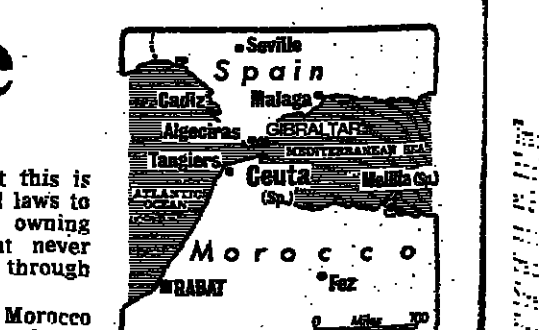
Another topic that will have been discussed is the Organisation of Petroleum Exporting Countries' forthcoming summit, due in Baghdad in November, and efforts to realign oil prices.

A commentator on Iraq's state-run television has claimed that the British embassy in Baghdad is "a base" for spying and secret agents," according to a report from Kuwait.

"The British authorities are *still possessed with a colonialist* mentality and the enemy in the British embassy is playing with fire once again . . . plotting secretly," the commentator said.

Why Spain's duty-free fortress fears for the future

BY ROBERT GRAHAM, RECENTLY IN CEUTA



"IN THIS place you either carry a gun or a shopping bag" joked a Ceuta merchant. Ceuta, sprawling on a narrow mountainous headland overlooking the Straits of Gibraltar, is part garrison town, part duty-free supermarket.

Over 2.5m people a year visit this strategic Spanish enclave in Africa. Their prime purpose is to buy consumer goods which are *either unobtainable or* expensive in mainland Spain and Morocco.

At the height of the summer as many as 15 shiploads of tourists a day arrive from the mainland. They go back bearing plastic shopping bags bulging with radios, cassettes, stereo equipment, cameras, whisky, cigarettes, butter, chocolate and anything else which seems a quarter of the normal price. Quite a few people come by car for the day to stock up.

A sizable number of people, usually housewives, make two return trips a day from Algeciras, trading their purchases on the mainland. Then there are the more organised smugglers, the *Matuteros*, who deal more with Morocco but also organise the transport to Spain of such items as colour televisions. ...

The Spanish authorities take a benign attitude towards this too—certainly at the local level. Indeed, visitors to Ceuta are allowed to take away tax-free goods worth up to Pta 2,000 (£11.80) up to Pta 10,500 (£62.14), the tax is only 20 per cent of the free-on-board price, and after this a sliding scale applies. But much depends on the mood of the Customs officials.

Ceuta's merchants import $115m worth of goods each year *from outside the mainland* for a Spanish population of 70,000. Of this trade, over a third is in radios, cassettes, stereos and sound equipment, almost all made in Japan. Ceuta is a big backdoor entry point for Japanese products normally excluded from Spain by high tariff barriers. Many products sold are of low quality, and the unwary can end up with imitation marks or cut price brands (like Samyo, which neatly substitutes an "m" for an "n").

Ceuta's duty-free status is its lifeblood, as it is for the sister enclave of Melilla, 400 km down the coast. Remove that status and Ceuta would become a poor garrison town. The merchants are acutely aware of this, for the soldiers are badly paid and spend little. The garrison is 20,000 strong — a significant force on a chunk of territory less than 20 sq km in size.

The garrison's strength is partly a physical guarantee of the defence of Ceuta, but also reflects an unchanged Francoist policy of stationing large numbers of troops away from the Spanish mainland. (The crack Spanish Legion is not allowed to be based in Spain proper.)

The initiation of talks between Britain and Spain on the future of Gibraltar, with a view to opening the Spain-Gibraltar frontier has caused alarm among the merchants. Ceuta has enjoyed an unprecedented 11-year boom, largely due to the closure of the Spanish frontier with duty-free Gibraltar.

Spain has always rejected the idea of any link between the fate of Gibraltar and the status of Ceuta and Melilla, regarding them both as utterly Spanish. In Spain, the topic is an emotional one.

Ceuta has been in Spanish hands since *the 15th century*. From there, the colonisation of Morocco was launched. There Gen. Franco laid the foundations of the Spanish Foreign Legion, and from there too he launched his successful attack on Republican Spain in 1936. The names of Ceuta streets are redolent with this military history. Despite this, the place has become progressively less Spanish. A large and mostly illegal Moroccan population, numbering over 15,000, has appeared in recent years, living in ghettoes which the Spanish never visit.

"No one wants the Moroccans, but everyone exploits them," says Sr. Antonio Pena, editor of the local newspaper.

The influx of Moroccans is causing concern, especially as Moroccan-originated delinquency increases in line with unemployment. At the other end of the scale, the dynamism of the Indian merchants has eroded the influence of the Spanish traders.

The Indians, who number less than 2,000, first arrived in 1912. They now control over 60 per cent of the the import trade and have a virtual stranglehold on Japanese goods, which have the fastest-growing sales. A study recently prepared by the Ministry of Commerce commented: "The Indians have been the great beneficiaries, in a perfectly legitimate way, of fiscal and economic measures designed to aid the inhabitants of Ceuta and Melilla."

According to one senior government official, the Indian community is the principal investor now in Ceuta, Spanish capital having fled to the mainland. The irony about this is that the Spanish passed laws to prevent foreigners owning property in Ceuta, but never checked investment through Spanish nominees.

If King Hassan of Morocco chose to illustrate the colonial nature of Ceuta as a colony, he could point to how government officials are paid a premium for serving there, as they would be in a colony, or how the enclave is run by a senior army general, who doubles as military and civil governor.

Ceuta is already a pawn in King Hassan's complex diplomatic manoeuvrings to sustain his war against the Polisario guerrillas fighting for independence in the former Spanish Sahara. The king has subtly used Spanish sensitivity over Ceuta and Melilla to ensure that Madrid does not recognise Polisario — something it would like to do. He has also begun to indulge in what is *seen here* as "guerrilla activity."

In an unpublicised move last November, the Moroccans clamped down on cross-border smuggling. Accounts vary, but between 10 and 15 Moroccans have been killed in skirmishes with border patrols. The drying up of contraband trade has hurt Ceuta traders, but equally it has affected a hinterland of Moroccan villages exclusively dependent on this cross-border activity.

The Spanish reaction, again unpublicised, has been to treat this as a dress rehearsal for a tightening of Morocco's grip on the enclave. Accordingly, Ceuta has stopped buying fresh fruit, vegetables and meat from Morocco. Morocco was the principal source of supply, and such items now cost three times the mainland price.

The Spanish have also discreetly geared up an emergency system of water supply from Algeciras. Several Spanish politicians have argued that Spain must be ready for another "green march," like the one King Hassan launched to bring the former Spanish Sahara under Moroccan and Mauritanian control.

Few believe King Hassan is ready to play such a direct card, which could bring war with Spain. But it is a potentially explosive situation as long as *Morocco fails to make gains* in the war with Polisario and King Hassan is increasingly put on the defensive by his restive people.

Up to 15 shiploads of tourists a day visit Spain's African enclave of Ceuta

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China turning a more human face to the land of the Lamas

BY TONY WALKER, RECENTLY IN LHASA

TIBET MAY be Shangri La to the thin trickle of tourists now making the trip to Lhasa, but behind the glitter lies a tawdry story of poverty, religious persecution and bureaucratic mismanagement.

Chinese authorities now freely admit they have made a mess of things in Tibet, the region which has proved most troublesome for them. Thirty years of Chinese rule may have produced an impressive inventory of roads, hospitals and schools where none existed before, but it has not necessarily improved the lot of tens of thousands of Tibetans, many of whom live in conditions of extreme poverty.

Mr. Losang Chicheng, vice-chairman of the People's Revolutionary Government here, interviewed by a group of visiting correspondents, admitted that at least 150,000 of the 1.7m Tibetans were living in poverty. This is a startling admission from a Chinese official, particularly as it relates to Tibet, about which China has been extremely sensitive and which has only recently been opened to visitors.

The three-hour drive from the airport to Lhasa, along a bumpy, at times treacherous, road, tends to confirm the vice-chairman's gloomy assessment. Along the way are houses which tourists may regard as quaint, but are little more than pigsties. From these broken-down mud shelters emerge old crones and young children dressed in rags and encrusted in dirt.

Even in Lhasa, there are frequent reminders of how grindingly poor many Tibetans are. It is one of the few places in China where beggars can be seen on the street.

Peking admitted its failure at the end of May this year, in a series of announcements effectively reversing most previous policies towards Tibet. At the same time, the central Government virtually accused local officials of gross mismanagement, if not corruption.

One head to roll was that of Gen. Ren Rong, the former first party secretary, now back in Peking in retirement, disgrace, or both. His removal from office was described by local officials as a "routine transfer."

Whether he was sacked or transferred, it is Gen. Ren, an old guard administrator, who ruled Tibet for more than 10 years, who is the chief victim of Peking's sudden reappraisal of its minorities' policy towards Tibetans.

Mr. Hu Yaobang, general secretary of the Communist Party Central Committee, and Mr. Wan Li, prominent member of the party secretariat, were obviously horrified by what they found in Tibet when they made an inspection tour earlier this year.

It was soon after they returned to Peking that the so-called "Regulation 31" was issued, which called for a much more *laisser-faire* approach. The regulation gave Tibetans considerable (for China) economic freedom, and guaranteed people's rights to pursue the rather bizarre form of Buddhism which has flourished in Tibet for centuries.

A beggar in Lhasa, one of the few places in China where they can be seen

The Chinese have also intensified their efforts to woo back the Dalai Lama (the God King), who has been in exile since 1959, although they are apprehensive at his popularity. One of three delegations from the Dalai which has been visiting Tibet to assess conditions had hurriedly to cut short a recent visit after an embarrassing public demonstration of support.

An underground independence movement is still active, 20 years after Peking put down a bloody rebellion.

A note surreptitiously passed to this correspondent on a Lhasa street by a young man in traditional Tibetan robes called for a United Nations investigation into conditions in Tibet. "We ask the UN to help us. The Chinese invaded Tibet and are destroying everything—the economy, religion and culture," the note alleged.

Another letter passed to a colleague also asked for a UN inspection and the return of the Dalai. "We had our own king and our own flag through the centuries," it said. "Everybody all over the world knows it."

Regulation 31 sought to attack what the authorities quite correctly percieve as a central problem—one common to most "colonial situations"—the failure to promote local people to positions of responsibility.

It directed that more Tibetans be given senior administrative jobs, and Chinese cadres be gradually shipped back to the interior. This will no doubt please many Chinese administrators, who regard a Tibetan posting as something akin to joining the Foreign Legion.

Their displeasure at being sent to isolated Tibet, inhabited by mutton-eating herdsmen who burn yak-butter candles to worship at their shrines, manifests itself in several different ways: in their failure to learn the language and in their obvious distaste for Tibetan culture and living habits.

One official assigned to look after the visiting correspondents had spent more than 20 years in Lhasa and yet could neither speak the language or even say whether Tibetan script was written from right to left or vice versa.

One clear impression of a week spent in Lhasa was the deep division between Chinese cadres and their Tibetan subjects. This, no doubt, is partly born of the series of upsets which have characterised Chinese rule over Tibet since People's Liberation Army soldiers marched through the streets of Lhasa in 1950.

There was the armed rebellion in 1959, then the so-called democratic reforms of the early 1960s, which broke completely the power of the lamas, and in the mid to late 1960s the Cultural Revolution, when monasteries were sacked and people persecuted for practising their Buddhist faith.

The situation was further aggravated in the mid-1970s, when Tibet was left out in the cold as China slowly emerged from the chaos of the previous ten years.

A Tibetan officer in Chinese army uniform wears an ear-ring to show his Tibetan rank

Mr. Losang Chicheng admitted as much when he said: "The problem in Tibet was that we did not respond as quickly as other areas to reforms after 1975. The vice-chairman acknowledged that the local party leadership was responsible for this sluggish performance."

An example of bureaucratic blundering on a grand scale was the case of winter wheat. For four years in the mid-1970s Tibetan farmers were told to switch their crops from barley, which is the local staple, to wheat. Yields plummeted and earnings dropped.

At the Rainbow Commune on the Qinghai highway near Lhasa, Mr. Niman Tserin, commune leader, said the winter wheat yield was only a quarter of that for barley. Wheat strains provided, he said, were not suitable for high altitudes.

The new regulation could almost be termed a "gentle retreat," in the sense that Peking appears to be opting out of rigid state control over all aspects of Tibetan life.

Farmers are being encouraged to produce more now that state quotas have been lifted and monasteries are being reopened. The Chinese are apparently even breaking their rule against allowing novices to enter monastic life.

Peking's concern about economic failure in Tibet is understandable. Last year, the centre contributed 99.7 per cent of the local budget. Over the years, as local officials are quick to point out, the state has contributed Yuan 4.5bn (£1.3bn) to the region.

Officials list roads, schools, hospitals and houses which have been built with this money. What they omit to mention is that much of the infrastructure has benefited the 120,000 Chinese from the interior who have either settled in Tibet or been sent there, not to mention the estimated 150,000-300,000 Chinese troops along China's south-west border.

If China has decided on a more *laissez-faire* economic and social policy towards Tibet, there is no sign of it reducing its military presence. In fact, it was rumoured in Lhasa that Peking was committing another 30,000 soldiers to its south-western defences.

The streets of Lhasa, population 120,000, are full of People's Liberation Army soldiers in baggy khaki uniforms with red flashes on the collars. A profusion of coloured flags were raised on August 1, Army Day, at forts dotted round the edge of the city.

Tibet's strategic importance to China no doubt influenced Peking in its choice of a replacement for the ousted Gen. Ren Rong. Mr. Yin Fatang, the new acting first party secretary, formerly political commissar in the Jinan military region, Shandong province, recently took up his appointment in Lhasa.

A jocular man in his late 50s or early 60s, Mr. Yin is likely to bring a different style to the administration of Tibet than his old-guard predecessor. In a brief interview, Mr. Yin dealt confidently with questions about the Dalai Lama's return.

If the local administration is to turn a more human face towards its Tibetan subjects, and a more public face to the outside world — needed if it is to reap the benefits of its tourist allure — then Mr. Yin may turn out to be a sensible choice.

Thais ready to meet Hanoi for talks on Kampuchea

BY OUR BANGKOK CORRESPONDENT

THAILAND'S Foreign Minister, Air Chief Marshal Siddhi Savetsila, said yesterday that he had "no objections" to a proposal by the United Nations secretary-general, Dr. Kurt Waldheim, that Thailand and Vietnam should try to resolve their differences over Kampuchea at next month's meeting of the UN General Assembly. Although hardly enthusiastic, Thailand's willingness to resume a stalled dialogue with Vietnam in New York salvages a hope of progress from Dr. Waldheim's four-day mission to Hanoi and Bangkok, which ended on Tuesday.

Thailand has been calling for UN observers along its border with Kampuchea since late last year, when tens of thousands of Kampucheans, many of them sick or starving, fled across the border. Dr. Waldheim rebuffed Thai calls to intervene, saying that any UN force would have to originate in the Security Council.

Extreme tension along the border, which has existed since late June, when Thai plans to repatriate refugees prompted a brief incursion into Thai territory by Vietnamese troops, finally forced Dr. Waldheim's direct attention.

At the end of this four-day mission, Dr. Waldheim put the best possible face on what was hardly a success: "I think we have made some progress, but it will be a long process."

Air Chief Marshal Siddhi, who accompanied Dr. Waldheim on his seven-hour trip to several camps along the Thai-Kampuchean border, said that the secretary-general's visit "has helped us a great deal, because by being on the spot, he knows what burdens we carry."

Dr. Waldheim arrived in Thailand on Monday after two days of meetings in Hanoi. He brought with him what one of his senior aides referred to as "some flexibility" in Vietnam's proposals for defusing tensions along the border.

The Thais for their part seemed less interested in hearing new proposals from the Vietnamese than in impressing their guest with their view of the Kampuchean crisis.

The Thai position, and that of the Association of South-East Asian Nations is that Vietnam's border proposals divert attention from the overriding issue of Vietnam's occupation of Kampuchea. A 1979 UN resolution calls for the withdrawal of foreign troops from Kampuchea and an international conference to guarantee Kampuchea's right to self-determination. Thai officials are understood to have been upset because Dr. Waldheim gave no impression of having discussed the UN resolution in Hanoi.

Thousands arrested in Seoul's latest purge

[illegible]OUL—A total of 16,599 [illegible]h Koreans described by the [illegible]orities as hooligans, racke[illegible], gangsters and gamblers [illegible] being arrested in a "special [illegible]sure to eradicate social evils."

The latest purge, initiated this week, will continue until August 16 at least—the deadline set by the martial law command for "criminals still at large" to surrender.

A spokesman for the military-dominated Special Committee for National Security said yesterday that those arrested would be screened and referred to court martials. Most would go through four weeks of "re-education" and some would be given six month's forced labour, according to the gravity of their offences.

The special committee, set up in June after the rebellion in the southern city of Kwangju, which claimed 189 lives, has taken effective control of nearly all Government affairs.

The latest crackdown follows dismissal of about 8,600 officials, teachers and other employees in the Government, state-run organisations and schools on grounds of corruption, irregularities and inefficiency.

The committee is campaigning for "social purification" touching every corner of society, so as to open a new era following the assassination of President Park Chung-Hee last October.

Agencies

South African Reserve Bank chief to retire

By Bernard Simon in Johannesburg

DR. T. W. de JONGH, Governor of the South African Reserve Bank since 1967, is to retire at the end of the year. He is 66 and is leaving 18 months before the end of his third five-year term.

The decision is not unexpected. Dr. de Jongh is believed to have had serious differences of opinion on economic policy with other senior officials in recent years. He has consistently taken a conservative line.

No successor has been announced, but there are two likely candidates. The front-runner is Dr. Gerhard de Kock, a former South African representative at the International Monetary Fund, who is the Minister of Finance's economic adviser.

Dr. de Kock also carries the title of senior deputy governor of the reserve bank, but was transferred to the Finance Ministry three years ago after what observers believe was a deep rift with Dr. de Jongh.

The other candidate is Dr. Chris Stals, in practice Dr. de Jongh's principal deputy and the man in day-to-day charge of South Africa's gold sales.

India calls on foreign help for oil search

NEW DELHI — India has decided to call on foreign companies to take part in the country's oil exploration programme, Mr. Veerendra Patil, the Petroleum Minister, said yesterday.

Mr. Patil told a parliamentary committee that the Government had decided to throw open land and offshore exploration areas to foreign companies because of the urgent need to find more oil. Foreign participation would supplement the efforts of the state-owned Oil and Natural Gas Commission and Oil India.

Mr. Patil said India planned to spend Rs 30bn (£1.6bn) on oil exploration during the next five years. He told Parliament on Monday that it is hoped to increase production to 21.7m tonnes in 1984-85 from 11.7m tonnes in 1979-80.

He has also told Parliament that French and British state-owned companies had offered their co-operation. At present foreign companies are involved in oil exploration only as consultants.

India imported 16.2m tonnes of crude oil and 4.2m tonnes of petroleum products worth a total of Rs 31.95bn in the year ended March 31.

Agencies

AMERICAN NEWS

WORLD TRADE NEWS

Carter and Kennedy in convention agreement

By Jurek Martin, U.S. Editor in Washington

ADVISERS to President Jimmy Carter and Senator Edward Kennedy have worked out tentative ground rules for next week's *Democratic Party* convention in New York which, if adhered to, should *limit* the scope for bitter, public conflict between the two sides.

Their compact, announced late on Tuesday, also appears to come close to committing the loser in the Presidential *nomination contest to support*ing the winner, though Mr. *Kennedy's forces subsequently* sought to play down the significance of this.

The debate and vote on the proposed convention rule binding delegates to the candidates they have previously supported is to take place early on Monday evening, after an hour's debate, in prime television time.

This compromise is marginally favourable to Mr. Carter. The President's advisers wanted the vote and debate to take place when the convention opened on Monday afternoon, not in evening national television time, so that the party would not appear to be divided.

Mr. *Kennedy's people pre*ferred that it be delayed until Tuesday evening, to give them maximum time to lobby any *wavering Carter delegates.* Instead, on Tuesday evening, *two hours* have been set *aside* for a floor debate on the main *economic planks in the party* platform, the area of greatest *disagreement* between the President and the Senator.

In return for this, the Kennedy camp has agreed not to try to raise a whole series of minority reports on other aspects of the platform.

Finally, and cryptically, the compact states: "Whatever differences we may have, they pale in comparison to our common differences with the Republicans and their nominee (Mr. Ronald Reagan). Whoever is on our ticket, we are deter*mined to conclude our conven*tion united behind our *nominee.* With *so much at* stake in this Presidential elec*tion, the Democratic* Party must prevail in November."

As it stands, Mr. Carter has more than enough delegates to win the initial fight on the rules issue and therefore take the nomination. His advisers steadfastly deny Mr. Kennedy's contention that defections are rampant in the Carter forces.

Nevertheless, the intriguing possibility remains that if he wins the rules fight, the Presi*dent could then*, as a gesture to his opponent, release his dele*gates to vote as they choose.*

In the view of some strategists, this would be a *low*-risk gamble, since the vast majority of the Carter delegates are reckoned to have minimal sympathy for Mr. Kennedy and would be unwilling, at this late stage, suddenly to support anybody else.

Mr. Robert Strauss, the President's campaign manager, repeated yesterday that "we haven't looked past the vote on the rule on Monday night." But he added that "anything can happen at a convention," a teasing remark re-echoed by Mr. Jody Powell, the Presidential Press Secretary.

A Gallup roll of Democrats *nationwide, released yesterday,* found that 55 per cent of those *surveyed would like to see Mr.* Carter release his delegates. It *also found that only 39 per cent* wanted Mr. Carter to get the *nomination, with 52 per cent* preferring someone else — but *only half of these Mr. Kennedy.*

In a two-man race, the poll gave Mr. Carter a 47 to 43 per cent edge over the Senator, a much smaller margin than hitherto. But the delegates going to the convention do not necessarily represent party sentiment of the moment: their commitments and beliefs tend to be much stronger — and it is they who will determine next week's outcome.

U.S. car imports reach monthly records in July

BY IAN HARGREAVES IN NEW YORK

IMPORTERS advanced their share of the U.S. car market *to a new monthly* record of 29 per cent in July, according to preliminary industry estimates.

Although domestic manufacturers could draw a morsel of comfort from the fact that their own sales continued to edge up from the acutely depressed level of May and June, continued pressure from imports remains the major worry.

Detroit is gearing up for the unveiling later this month and *next of its new models, which* it knows must stem the tide *of imports if Ford, Chrysler and* American Motors are to start to recover their traditional share of the U.S. car market.

*Sales by the domestic manu*facturers in July fell 22 per cent *from the level of July 1979*, but were slightly higher than in *July*.

But sales of imports in July at *about 230,000* units were 15 per cent higher than in the same month *a year ago, with the* major Japanese companies, *Toyota and Nissan, again lead*ing the advance.

Earlier this week, Ford announced that it was joining the United Auto Workers union *in a petition to the U.S. Inter*national Trade Commission to *stem the flow of imports.*

These and less overt political pressures on the Japanese are seen by many motor industry executives as an essential prelude to the model season. They know that if the Japanese importers use their pricing power this Autumn, it will reduce if not *eliminate* margins on Detroit's small cars and jeopardise a turnround in the industry's financial fortunes.

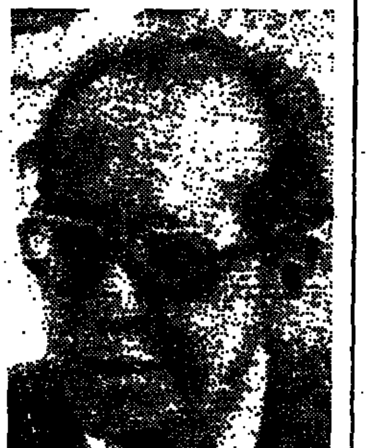
All four U.S. manufacturers lost money in the second quarter, with aggregate deficits totalling almost $1.5bn (£636m). Their losses in the north American market were substan*tially higher even than these* figures as both General Motors and Ford continue to operate profitably abroad.

La Paz 'government in hiding' formed

BY OUR LA PAZ CORRESPONDENT

SR. HERNAN SILES ZUAZO, *who would have assumed the* presidency of Bolivia yesterday *had the military not seized* power on July 17, has declared *a constitutional government* in hiding with his would-be Vice-*President,* Sr. *Jaime Paz* Zamora.

Photocopies of a statement bearing Sr. Siles' signature have been circulated by hand in La Paz. Sr. Siles said his government considered itself the legitimate representative of the Bolivian people and would seek support from all democratic forces" such as the country's Congress and trades unions which have been dismantled by the military regime of Gen. Luis Garcia Meza.



Sr. Siles . . . resisting

Sr. Siles has apparently managed to meet secretly with the surviving representatievs of the militant Bolivian Workers Central (COB) to co-ordinate plans for a government in hiding.

Its success will depend on his ability to gain recognition abroad. Likely supporters include Nicaragua, *where Sr. Paz* Zamora recently attended the *anniversary of the overthrow of* the Anastasio Somoza dictator*ship.* Nicaragua *has broken* relations with the Garcia Meza *regime as has Ecuador, a* member of the five-nation Andean Economic Group which include Bolivia.

Ecuador, Peru, Colombia and Venezuela are also considering sanctions against the Garcia Meza regime and collective recognition of the Siles government seems a strong possibility.

Gen. Garcia Meza has moved to quash rumours of divisions in the army by visiting the Tarapaca regiment, which was said to have been fomenting a countercoup. The Regiment's *commander, Col. Arturo Doria,* expressed "total and absolute *support" for Gen. Garcia Meza.*

AP adds: The military government yesterday suspended all telex and satellite communications with foreign countries. Col. Luis Arce Gomez, the Interior Minister, announced that he had ordered the arrest of two Bolivian correspondents of the Reuters-Latin wire service, Sr. Rene Villegas and Sr. Jaime Irusta, for "slandering high dignitaries of the state."

Carrington in Mexico

MEXICO CITY — Lord *Carrington, the British Foreign* Secretary, arrived here last *night from Venezuela for a* three-day visit which should *strengthen* Britain's links with Mexico, fast emerging as a new regional power.

Lord Carrington, the first *British Foreign Minister to* come to Mexico, will concentrate on political topics in his talks with Sr. Jorge Castenada, the Mexican Foreign Minister, and President Jose Lopez *Portillo*, but his visit is also expected to strengthen commercial ties.

The Foreign Secretary is accompanied by a team of leading British businessmen who will be meeting Mexican economic officials and industry leaders in the hope of carving out a greater share for Britain in the rapidly expanding Mexican economy. British firms *have fallen behind* in the scramble for trade with this oil-rich country. Reuter

Robert Lindley adds from Buenos Aires: Mr. Cecil Parkinson, the British Trade Minister, said here yesterday that Britain was stepping up its efforts to increase British trade with Latin America as a "rather determined experiment."

"We see no reason," he said, "why countries like France and West Germany should do better than we do in trading with Latin America." Britain's trade with Holland alone is eight times greater than it is with Argentina and Brazil combined, he said.

USSR seeks oil and gas equipment from West

By David Satter in Moscow

THE Machinoimport Soviet *foreign trade organisation* has solicited bids from Western companies for a contract to use carbon dioxide injection to improve oil recovery in the aging Romashkino oilfield in the Volga Urals region.

The French engineering group Technip and a group comprising Occidental Petroleum of the U.S. and Entrepose of France are the principal competitors for the contract which is expected to be worth *approximately* $100m.

The contract appears to be the largest oil equipments *deal involving an American* firm to be negotiated since *the imposition of U.S. trade* sanctions against the Soviet Union after the invasion of Afghanistan.

The technical limits of the project have not been set but the Soviets are interested in carbon dioxide injection equipment, recovery equipment and the construction of a 190-mile pipeline to carry carbon dioxide from ammonia plants in Togliatti to the field which lies *near the city of Almetyevsk.*

The Soviet Union has turned to Western companies before to improve production in its oilfields, many of which are badly flooded. Technip won a contract valued at $195m in October, 1978, for "gas lift" equipment to improve recovery in the giant West Siberian Samotlor and Fyodorovsk oilfields.

The *possible availability of* U.S. equipment for the *Romashkino project stems* from a recent U.S. State and Commerce *Department deci*sion which will permit the granting of export licences for oil and gas equipment exports to the Soviet Union but not for the technology to produce the equipment independently.

The Soviet Union faces declining oil production in older oilfields and a slow*down in test drillings in the* new oil and gas areas of *Western Siberia. The* U.S. Central Intelligence Agency *has predicted Soviet oil pro*duction may soon decline.

The decision reflects U.S. fears that severe oil shortages in the Soviet Union would prompt aggressive international behaviour.

U.S. imports of TVs decline

WASHINGTON—U.S. imports *of completed colour television* sets continued to decline in *the first quarter of 1980, while* domestic production increased *slightly, the Commerce* Department said.

Imports of complete TV sets declined 50.6 per cent in the first quarter to 208,773 from 422,359 in the first three months of 1979. The 1980 figure was the lowest in the past 17 quarters, the Commerce Department, said, noting declines were reported by all major suppliers, including Japan, Taiwan, Korea, Singapore and Canada.

Imports of incomplete *colour TV sets were up 24.8* per cent from the 1979 first *quarter of 750,457 units, the* report said. Mexico was the *leading supplier, with 389,483* units.

Domestic U.S. production increased slightly to 2,660,914 units from 2,147,413 in the 1979 period. Import penetration of the market declined to 7.28 per cent from 16.43 per cent a year ago. Reuter

Zimbabwe expects exports to rise by 40% this year

BY TONY HAWKINS IN SALISBURY

IN THE first year after the lifting of economic sanctions, Zimbabwe is predicting a 40 per cent rise in exports during 1980. Figures for the first four *months of 1980 show that* exports increased just over 50 per cent in value to Z$296m (£199m) while imports grew fractionally faster, rising to Z$234m (£157m).

Zimbabwe is not yet publish*ing direction of trade statistics*, though it does give details of major exports *and imports.* A detailed trade statement covering commodity exports and imports during the sanctions years is due to be published in two months' time. There will be no information on direction of trade as this would show which countries had broken economic sanctions.

Zimbabwe's main export last *year and this year is gold. In* 1979 gold accounted for nearly *12 per cent of exports but in* the first four months of 1980 its *share exceeded 16 per cent.*

Over 1980, Gold exports are expected to rise by more than 80 per cent, but this forecast is heavily dependent upon trends in the bullion price.

The fastest-growing export is ferro-alloys. It was the country's sixth largest export in 1979 but rose 165 per cent in the first four months of this *year to second position account*ing for 13 per cent of foreign *earnings.*

Unmanufactured tobacco was *nearly 12 per cent of the total* in the first four months of 1980 and iron and steel (9.5 per cent) fill third and fourth places, followed by asbestos *(9 per cent)*, cotton (5.75 per cent), nickel (4 per cent), *copper (3.5 per cent)*, sugar (3 per cent) and meat (2.5 per *cent).*

Despite the lifting of sanc*tions, exports in the first four* months of 1980 were only *marginally greater than in the* final months of 1979, but export *prices were 8 per cent higher.*

On the import side volumes were 13 per cent higher in the first four months of 1980 than in the closing months last year, but import prices showed a rise *of less than one per cent.*

Zimbabwe's terms of trade, which deteriorated nearly 45 per cent in the 1965 to 1979 period under economic sanctions, showed a welcome 6.75 per cent rise in the first four months *of 1980, though* this was largely attributable to the strength of *metal prices in general and gold* in particular.

While this suggests that manufactured exports are of minor significance, most exports *are processed.*

It is not possible to indicate *the extent to which British* firms are regaining their pre-sanctions to hold in the economy. Zimbabwean industrialists *are anxious to diversify* away from their previous reliance on South Africa as either an export or an import market.

Japan sales to Iran leap 481%

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S exports to Iran increased by 481 per cent during the first six months of 1980 from the same period of last year according to figures published by the Finance Ministry. The total for the half year was $1.1bn compared with $192m for January-June, 1979. Exports to Iran in the first half of the current year also slightly exceded the figure of $925m for the whole of 1979.

The sharp recovery of Japan's exports during a period when *the U.S. was actively canvassing* economic sanctions against Iran *has caused some embarrassment* in Tokyo but is explicable on *two grounds. First of all Japan's* Iranian exports dried up almost completely during the first three months of 1979 when the *Iranian* revolution was in its most chaotic phase—so that comparisons between the two years are distorted.

Secondly the imposition of sanctions on new export contracts (at the end of May) came too late to affect shipments during the half-year period Japan's exports actually peaked in May, perhaps reflecting the efforts of some companies to anticipate sanctions, before starting to turn down.

*Items which showed particu*larly strong growth during the *first half of 1979* included cars and video tape recorders. The same two items *scored* extremely rapid gains in their Middle East markets such as Iraq, Saudi Arabia and Kuwait.

The Iranian market was the star performer, so far as Japan was concerned, among the 13 OPEC member countries during the first half of 1980. Japan's exports to the whole of OPEC rose by 56 per cent, from $5.6bn in the first half of 1979 to $8.7bn in January-June 1980. Among the major gainers were *Saudi Arabia (up from $1.7bn* to $2.2bn), and Iraq up from *$676m to $1.1bn. Sales to* Nigeria went from $285m to $597m.

Bonn boosts China trade ties

BY ROGER BOYES IN BONN

COUNT OTTO LAMBSDORFF, the West German Economics Minister, travels to China tomorrow on a visit aimed at reasserting West Germany's *strong position on the Chinese* market.

West Germany is China's most important European trading partner but it has been facing increasing competition from the U.S. and Japan. In particular the 30 per cent drop in the value of the yen against the D-Mark has given the Japanese a sharp advantage.

The Economics Minister is expected to meet Mr. Li Qiang, the Foreign Trade Minister, and may hold talks with members of the top leadership. He is being accompanied by senior German executives *who make* up the German-China Trade Commission. They include board members from Commerzbank, the Bank Fuer Gemein*wirtschaft, Daimler-Benz, Saar*bergwerke, Lurgi Schering, Thyssen, Brown Boveri and Schloemann Siemag.

The delegation gives some idea of what areas the Germans would like to develop in trade with China—steel, motor industry, pharmaceuticals and *industrial plant.*

Over the past three years, *German trade with China has* increased rapidly, with German exports *well in* excess of DM 2bn (nearly £480m) in 1979, about 75 per cent higher than in 1977. The figure is certain to be much higher this year because of a DM 1.3bn contract for an integrated cold steel rolling mill won by a consortium led by Schloemann Siemag. The mill will form an important part of the large integrated steelworks under construction in Paoshan, north east.

The most significant development over the past year has been *the steady increase in* Chinese exports to Germany, *encouraged by the relaxation* of EEC duties for some industrial products. China is the ninth largest exporter to Germany, a remarkable development considering that until recently the main exports to *Germany were bed-feathers,* sausage skins and baskets.

The balance is still in Bonn's favour. China exported about *DM 800m-worth of goode to* Germany last year, but industrial products and textiles are finding an increasing market in Germany.

Bonn's long-term hopes for China trade revolve around the exploitation of China's rich mineral reserves. Germany hopes that its expertise, especially in coal mining and mineral excavation, could lead to big orders.

*The second prong of Ger*many's China strategy is that close collaboration with the Chinese at the exploration and *know-how stages could secure* an important slice of China's surplus oil, coal and nonferrous metals.

BA, Peking resume direct flight talks

PEKING—British Airways and the Chinese CAAC have resumed *negotiations in Peking* for an agreement to allow the *two carriers to make direct* flights between Britain and *China, officials said today.*

The talks broke down earlier this year, apparently over CAAC's insistence on a revenue-sharing formula which in effect would have subsidised the less efficient Chinese airline.

Both sides appeared to be more serious about the current round of talks, with the negotiators discussing specific technical details such as catering services and other facilities.

Britain and China signed a civil aviation agreement last November while Prime Minister Hua Guofeng was visiting London.

The overall agreement had been complicated by provisions for Hong Kong which would allow CAAC to serve the British crown Colony, and for a Hong Kong carrier—Cathay Pacific—to have access to destinations in China.

● The French trade deficit with China experienced during the first quarter of this year is likely to deteriorate further, according to M. Jean-Francois Deniau, the French External Trade Minister. In a reply to a Parliamentary question, he said that France recorded a deficit of FFr 222.8m (£23m) with China during the first quarter, compared with a surplus of FFr 121m in the like 1979 quarter. Imports from China during the January-March period rose 51.2 per cent from a year ago level to FFr 449.2m, while French exports declined 46 per cent to FFr 225.4m. *For all of* 1979, France recorded a surplus of FFr 55m with China, with exports totalling FFr 1.442bn and imports FFr 1.387bn. Agencies

Ford again shelves plans for Portugal

By Jimmy Burns in Lisbon

FORD EUROPE has formally notified Portugal that it has again *shelved* plans to build a new assembly plant in Europe and that it cannot commit itself to any major new investment in Portugal until the first half of 1981.

The U.S. car manufacturer was *considering its plan to scrap* the planned $600m investment.

During a recent meeting in Lisbon, Sr. Francisco Sa Carneiro, the Prime Minister, was informed by leading Ford Europe officials that the company was still interested, but that *the parent company's* financial troubles did not allow a quick commitment.

Ford's interest in expanding in Portugal was taken in the light of new legislation for the automobile sector here. This provides generous incentives for major investments involving the reconversion of old and unprofitable plants which are export orientated. Low labour costs was another factor in Portugal's favour.

Ford's decision has not been formally announced by the Government for *what* appears to be *political* reasons.

The attraction of foreign investment is one of the Government's major economic priorities and it *was hoped* that a formal agreement could be reached with Ford before the general election in October.

The decision is a blow in the context of the *multi-million* industrial complex of Sines. Officials have admitted that the future of the almost bankrupt complex rests on attracting a major investment such as Ford's.

The Government has drawn some compensation from the fact that another U.S. car manufacturer, General Motors, has committed itself to extending its operations here by acquiring facilities owned by Cimbor, the Portuguese State-owned components manufacturer. A formal agreement covering an estimated $50m investment is expected to be signed within the next two weeks.

The project is a small slice of the $2bn European investment programme announced by *General Motors in June* last year.

Alcohol car sales drive in Far East

BRASILIA, the Brazilian subsidiary of the West German car manufacturer Volkswagen plans to sell its alcohol-fuelled vehicles in the Far East and Africa, an Industry and Commerce Ministry spokesman said today.

He said Volkswagen announced *its aims to sell the vehicles in* Indonesia, the Philippines, Singapore and Nigeria following a meeting yesterday between Industry and Commerce Minister Camilo Penna and Wolfgang Sauer, president of Volkswagen in Brazil.

"These countries have similar conditions to Brazil for the production of sugar cane," Mr. Sauer was quoted in the Press as saying.

Brazil has embarked on a programme to develop alcohol distilled from sugar cane as a substitute for petrol with the aim of reducing its costly oil imports.

Volkswagen produces about half the cars on Brazilian roads and recently the Government signed an agreement with the motor industry to manufacture 250,000 cars to be fuelled entirely by alcohol by the end of this year.

Reuter

Bolivian tin miners write a bitter chapter in their history

BY MARY HELEN SPOONER IN LA PAZ

HIGH IN the mountains of Bolivia's *altiplano*, a bitter and violent struggle is claiming hundreds of victims. Bolivia's 70,000 tin miners have almost always resisted military dictatorships, and the July 17 removal of the civilian Government has sparked a conflict which goes to the root of Bolivia's economic foundations.

Tin brings in over 60 per cent of Bolivia's export earnings, and its production is the country's main claim to a voice in international affairs. Control of the tin mines virtually means con*trol of Bolivia.*

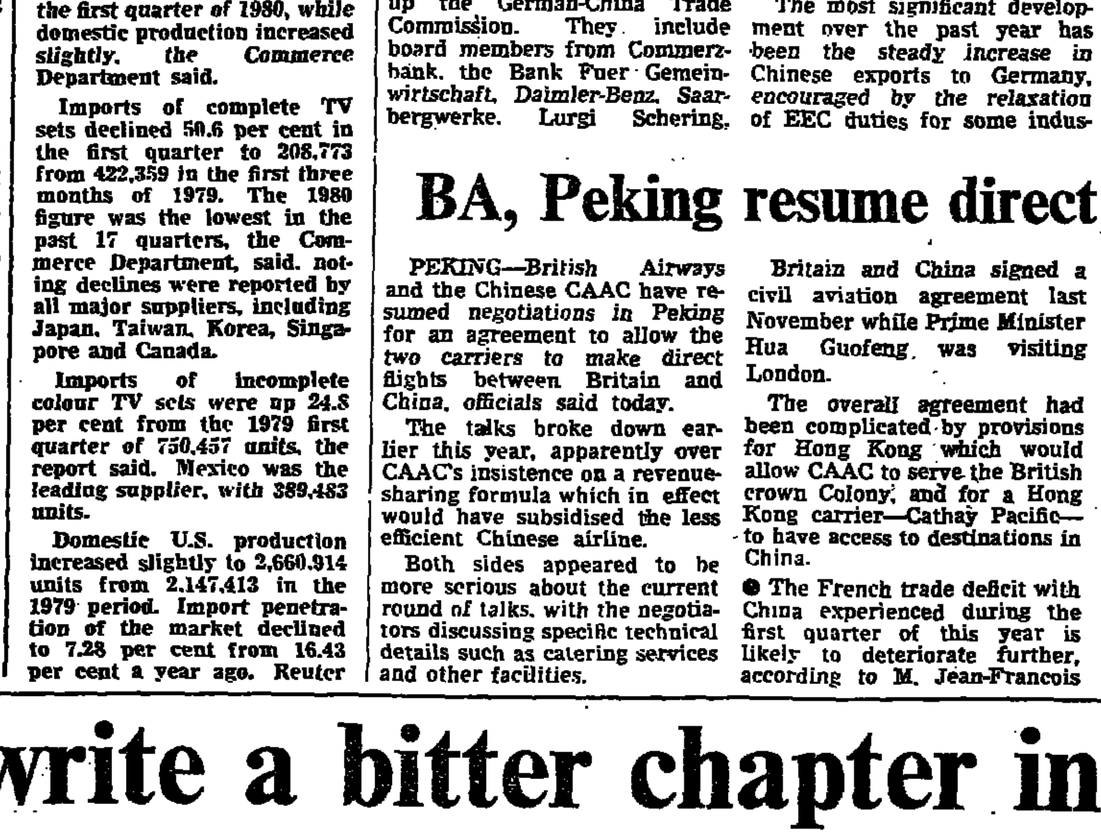
At the time of writing, troops have occupied the largest mines, south of La Paz. The state mining corporation, Comibol, has announced that work in most mines has resumed, with *miners signing agreements to* return to their jobs. However, many *reports say the miners* are being forced to work at gunpoint, and that threats are being made, and reprisals taken, against their families.

In Viloco, a small mining community 80 kilometres southeast of La Paz, miners began mobilising within minutes of hearing morning radio reports of the Bolivian Army's Sixth Division revolt on July 17. Strike committees were organised, meetings were held among the miners, their families and local peasant farmers, and roadblocks were erected on the way to the mines. The miners brought out primitive hunting rifles, sticks of dynamite and 50 *or so vintage German Mauser* rifles which the community acquired a few decades ago. With these weapons, the people of Viloco prepared to defend themselves against tanks, cannons and machine guns.

Radio Viloco, the miners' radio, contacted other miners' radios in half a dozen communities to co-ordinate the resistance. A few days later *the chain of clandestine radios* was broken as troops occupied *most mines. The Viloco miners* hid their transmitter in a mine *shaft and waited.*

Most workers at Viloco and other tin-producing areas have performed similar exercises four or five times during their lives, as successive military *rulers have seized control of* Bolivia. Bolivian tin miners may be the most militant labour group in Latin America and are keenly aware both of their *importance* in the world's third-largest tin-producing country and of the miserable living and working conditions they have to endure.

Mining unions began to form in Bolivia after 1914, many, if *not most, influenced by Marxist* and anarchist labour trends. *The most important early union,* the Uncia central labour Federation, was organised by workers in the large mines in the southern Oruro and Potosi region. Its leaders attempted to organise all workers both inside and outside the mines owned by Sr. Simon Patino, the Bolivian tin baron. When company officials asked that union organising be confined to the local area, labour leaders *ignored them, proposing to* establish ties with all the country's unions.



This dispute eventually led to one of the *first of many* massacres in the tin mines. The federation's leaders were arrested and four army regi*ments sent to Uncia.* When workers and their families gathered to protest against the arrests, the soldiers were *ordered to open fire.*

Bolivia's 1952 revolution, which *sought to bring about* massive social reform, also brought more power to the miners. The largest mines *were nationalised,* and miners were given a voice in the administration. Sr. Juan Lechin, their charismatic leader, was named Minister of Labour. The revolutionary Government did not last, but the miners' increased awareness of their power did. Subsequent conflicts with the Government, and army massacres at the mines, only *enhanced this tradition of poli*tical militancy.

But poverty and the miners' brutal working conditions offer a far stronger motive for militancy than political indoctrination. Most miners at Viloco earn from $1 to $1.30 a day, and this does not include the so-called "*marginal workers,*" who earn even less extracting ore *from* "*tailings*," the refuse from the mines.

An estimated 20,000 men, women and children scratch out a living by working small deposits too poor to attract Comibol's interest and selling what ore they *find to the* state mining company. These mines in many cases are little more than holes in the ground worked by *one or two men.* Working conditions are so difficult, and the financial returns so small, that neither would be accepted were it not for desperate need.

Life expectancy in Bolivia as a whole is 46. For the tin *miners it is around 35.* Silicosis is common, and many retired *miners* spend their final days coughing up pieces of their *lungs.*

Many communities surrounding the mines are company towns, subsisting on supplies brought from outside. Although Comibol miners and their families enjoy the use of company stores, *management* failure to stock these stores with enough *food and medicine* can easily spark strikes and protests.

For all these reasons, unrest at the mines is never far away, even under the most progressive Bolivian Government. But miners have a special reason for opposing the military regime headed by Gen. Luis Garcia *Meza.* Sr. *Juan Lechin*, the veteran miners' leader, was *arrested during the military* takeover. After being forced to *make a televised statement tell*ing Bolivians not to resist the new regime, Sr. Lechin was reportedly kicked to death by his captors. This tragedy, and the violence now at the mines, are adding another bitter chapter to the tin miners' history.

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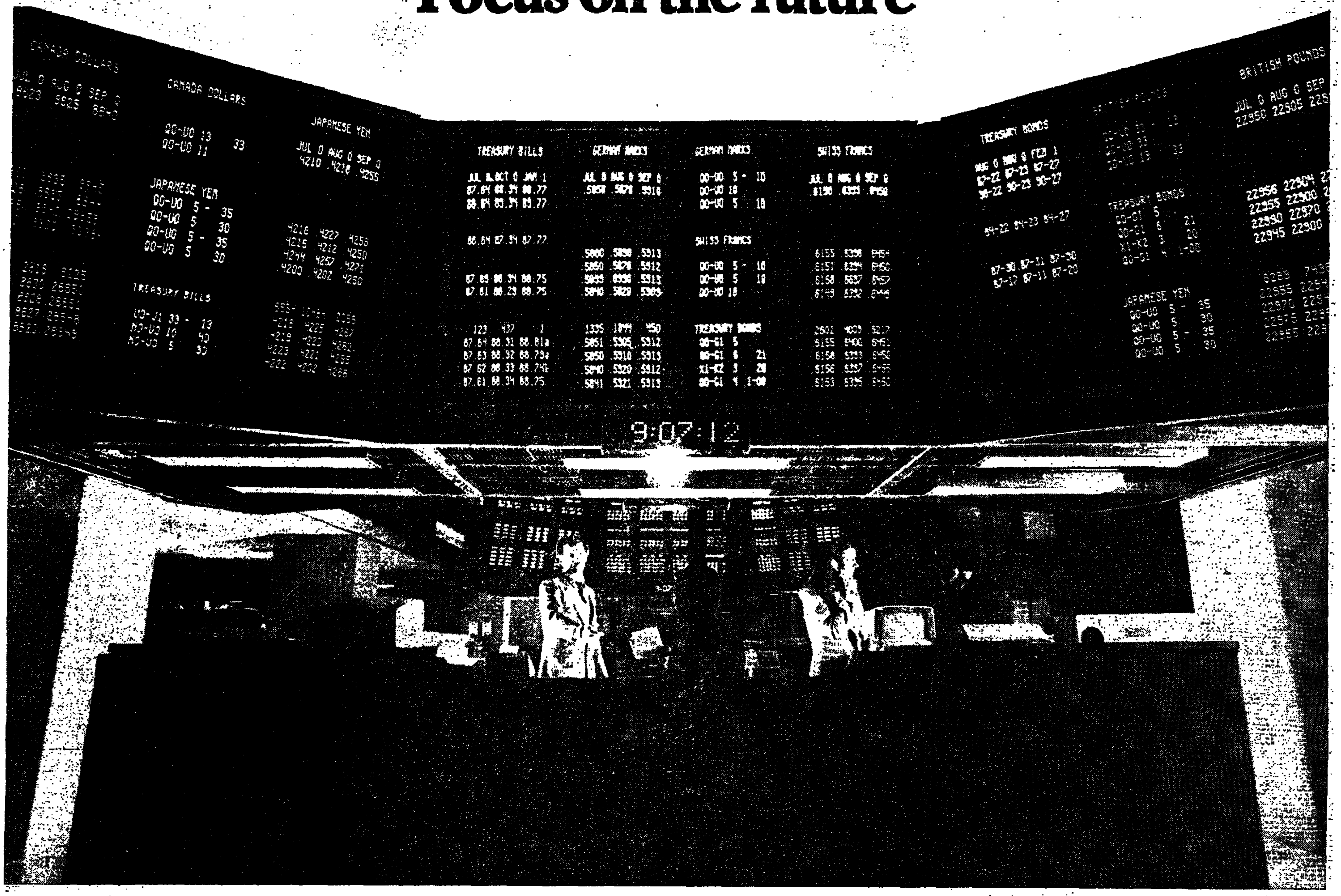
Today
Focus on the future



The New York Stock Exchange introduces the New York Futures Exchange

Trading on the New York Futures Exchange begins today, August 7, at 9 am in the nation's most modern, most extensively automated futures trading environment—at 30 Broad Street, in the heart of the New York Financial District.

A wholly owned subsidiary of the New York Stock Exchange, NYFE is pledged to serve the domestic and international business and financial communities by operating the most efficient and most responsibly managed financial futures marketplace in the world.

Focus on quality

Three elements are essential to the ability of a financial futures marketplace to offer high-quality service to users.

- Experienced, Professional Membership
- Efficient Facilities and Services
- Quality Products

In preparing for the start of trading, the New York Futures Exchange has focused on developing a unique blend of these three elements.

Focus on an experienced, professional membership

The 1,569 members of the New York Futures Exchange make NYFE the largest financial futures exchange in the world. NYFE's experienced, professional membership is drawn from leading brokerage and commodities firms, government securities dealers, foreign exchange brokers, major U.S. and foreign commercial banks, members of the New York Stock Exchange and members of other exchanges.

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Advanced computer technology assures members and customers the most up-to-date facilities and systems of any futures exchange in the world—and the *highest-quality service in the financial futures industry.* NYFE innovations in order transmission and information delivery will set new standards for efficiency and quality of execution.

Order Entry and Reporting System (OER) is a major technological breakthrough for the futures industry enabling subscribers anywhere in the country to route selected orders to printers located at members' booths on the NYFE trading floor—or directly to the appropriate trading ring where it is delivered immediately to the member or any other designated broker. Once a trade has occurred, OER routes and instantaneously flashes an execution report to the originator's office.

Market Data System (MDS) brings the market to the customer. MDS is the only electronic information display and retrieval system that provides immediate worldwide public disclosure—capturing the price and size of futures trades on line as they occur, and flashing quotes and prices instantly to display devices across the U.S. and abroad. By focusing the spotlight of disclosure on every trade, MDS brings the market to every customer and, with OER, puts every NYFE customer on the trading floor. In addition, hard-copy printouts make full data retrieval readily available at any time, insuring the integrity of the NYFE market and further enhancing NYFE members' ability to maximize service to their customers.

Fully automated Comparison and Settlement Systems electronically reconcile both sides of each trade, periodically, throughout the trading day. These systems assemble the data needed to compare and match all trades, and perform the accounting functions, to calculate each Clearing Member's daily position and margin requirements.

In short, NYFE's unique integrated systems and facilities focus on maximizing *speed, accuracy and efficiency* in delivering orders to the trading floor, executing trades, and reporting trades and other essential information to the market and the outside world. They assure the highest-quality, most cost-effective service available in the financial futures industry today.

Focus on quality products

Seven financial futures contracts have been approved for trading on the New York Futures Exchange:

U.S. DEBT INSTRUMENTS
90-Day Treasury Bills
20-Year Treasury Bonds

FOREIGN CURRENCIES
British Pounds
Canadian Dollars
Japanese Yen
Swiss Francs
West German Marks

Innovative refinements in NYFE contracts will enable the large NYFE floor trading population to offer customers unique flexibility and precision in meeting their responsibilities.

NYFE Treasury Bill contracts have greater deliverable supply as the "year-bill" is deliverable on all contracts while maintaining single 91-day maturity deliveries. Deliveries occur on the first Thursday of the January, April, July, October quarterly cycle months on which a Treasury "year-bill" is deliverable. Further, the contracts provide for second day deliveries (at the first day invoice price) to avert fails and further supplement deliverable supply.

Finally, the contracts have 100 basis point price limits, so that trading will continue even during volatile markets.

NYFE Treasury Bond contracts are priced on a yield maintenance basis for more precise pricing with a 9% coupon that is in line with the current cash market situation, and wider daily price limits that enable commercial users to avoid being locked into positions. Deliveries can occur on any of three delivery days during the February, May, August, November cycle months—the Treasury refunding cycle months. In addition, the contracts have 3 points (96/32) price limits.

NYFE Currency Contracts always trade the three near-term months—the active horizon for commercial hedgers—and are not restricted by the daily price limits imposed by other markets.

Gearing for rapid expansion, NYFE has filed with the Commodity Futures Trading Commission for permission to inaugurate innovative futures contracts in certificates of the Government National Mortgage Association (Ginnie Mae) and in domestic bank certificates of deposit. Additional contracts in Eurodollars are being developed.

Focus on market development and education

The New York Stock Exchange's decision to create the New York Futures Exchange is rooted in the firm belief that the astonishing growth of financial futures trading in recent years is only the beginning—and that the full potential remains largely untapped. NYFE has made a strong commitment to develop and broaden the market for financial futures. More than 1000 individuals have completed an intensive NYFE-designed course on the theory and practice of financial futures trading in preparation for today's inauguration of the nation's newest futures exchange. NYFE will continue to offer comprehensive educational and instructional programs designed to sharpen the knowledge and skills of members and users on an ongoing basis.

Focus on a unique marketplace

In building the New York Futures Exchange, the New York Stock Exchange has spared no effort to create a unique trading environment, with unique facilities, quality products and services to serve the needs of users and customers. As the New York Futures Exchange opens, it is:

- The futures exchange that is fully committed to market quality, market integrity, and full public disclosure of all market activity.
- The newest, most modern, most thoroughly automated futures marketplace in the world.
- The futures exchange that has focused on the most innovative systems and services with quality contracts in a single marketplace.
- The largest financial futures exchange in the world.

The goal

The goal of the New York Futures Exchange is to be not only the largest but the *best* financial futures exchange, and to play a creative role in the growth and development of the financial futures industry.

That means a total commitment to establish and operate the New York Futures Exchange as a marketplace dedicated to the same standards of high-quality, cost-effective service that investors throughout the world have come to expect from the New York Stock Exchange. For further information contact Dr. John Blin, SR. V.P. at 800-221-7722 (in New York state call 212-623-4949).

N.Y. FUTURES EXCHANGE

UK NEWS

Prolonged slump in oil demand forecast

By Ray Dafter, Energy Editor

OIL COMPANIES face a severe and prolonged slump in demand for their products, according to new Government figures.

Consumption of oil products, ranging from petrol to heavy fuel oil, fell by 14.5 per cent, from 43.7m tonnes to 37.4m tonnes, in the first six months of this year against the January-June period of 1979.

The fall in demand, arising from the recession and from conservation measures, was felt more sharply in the oil sector than in any other fuel and power industries, said provisional statistics published yesterday by the Energy Department.

The overall drop in energy consumption was 8.1 per cent, from 112.1m tonnes of oil equivalent (190.6m tonnes of coal equivalent) to 103.1m (175.3m).

Coal demand fell by only 4.4 per cent, from 67.7m tonnes to 64.7m tonnes, owing to an increasing emphasis on coal-burning in electricity power stations.

Natural gas consumption fell by 2.8 and nuclear and hydro-electricity output by 5.4 per cent.

There is no sign of the trend being halted. If anything, the drop in overall energy demand is accelerating. In the April-June period total energy consumption was 9.2 per cent lower than in the corresponding quarter last year.

Oil demand was down 13.1 per cent and consumption of coal and natural gas between 6 and 7 per cent.

The figures confirm that the UK has reached oil self-sufficiency.

In May and June North Sea production exceeded UK use of oil products. May's production rate, 6.83m tonnes, was 237,000 tonnes greater than the oil consumption level. Output in June, 6.5m tonnes, exceeded demand by 440,000 tonnes.

But the self-sufficiency was achieved only because of lower demand. North Sea production in the April-June quarter was 1.5 per cent lower than in the same three months of 1979.

The fall in indigenous production was largely due to maintenance work on some North Sea platforms.

Cummins plans to reduce workforce by 600

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE Cummins diesel engine group plans to reduce its UK workforce by about 12 per cent—more than 600 jobs—in response to the fall in demand worldwide for engines.

The plans take effect from October, although in the meantime the plants are closing for an extra week of holiday, and some short-time working will come into force.

The Cummins plan comes just two weeks after Perkins, the biggest diesel engine manufacturer in the UK, announced that it will be reducing its workforce by around 700 jobs.

The main reason is the recession in the truck industry, and in industrial and agricultural equipment, in North America and Europe. These industries are all major customers of the diesel engine manufacturers.

Three out of Cummins's four UK factories will be affected by the redundancies plan. The Darlington plant will lose 378 jobs, and 44 jobs will go at the nearby components factory in Peterlee. The remaining 190 redundancies will fall on the plant at Shotts in Lanarkshire. The Daventry plant will be unaffected.

Cummins, a multinational group, recently reported a first-half loss of $10.5m against a profit of $30m in the first half of 1979. The company said the downturn was cuased by a sharp decline in sales in the U.S. of heavy-duty trucks, lower demand in international and industrial equipment markets, and foreign exchange losses.

The U.K. operations have been affected adversely by the sterling strength's against the dollar. Exports from the UK exceeded £100m last year, but the British subsidiary made an operating loss of £6.96m.

As well as the exchange rate, the company also blamed high interest rates, resulting in a loss before tax £10.95m. After a tax credit of £5.7m, the net loss amounted to £5.2m.

The **Pickering Blackburn** group, which belongs to Sears Engineering (part of Sears Holdings) is to cease manufacturing. The group, which makes tufted carpet machinery, has been making a loss, and there seems to be no prospect of an improvement in the market.

The decision will involve the loss of the best part of 520 jobs, and closure cost could amount to £4m to £5m. The final outcome, however, is still uncertain. The plan is to run down the operation into a facility for spare parts and servicing, while existing manufacturing contracts will probably be finished towards the end of the year.

A statement from Sears Engineering yesterday said support had been given to Pickering "in the hope that it could be nursed through its difficult times, but in the interests of shareholders and other employees it feels it can no longer subsidise the company's activities beyond fulfilling existing obligations."

The Pickering group has lost more than £4m in the last two years, contributing to an overall loss last year by Sears' engineering activities of £6m.

Buxted Poultry, a subsidiary of the Imperial Group, is to close a processing factory at Glenrothes, Fife, in the early autumn with the loss of about 330 jobs.

The closure is part of a scheme to rationalise the foods division. During the past year the division has shed about 2,000 jobs from its total workforce of 30,000. The company blames very low margins, static markets and the high interest rates.

Chicken prices have been low this year because of strong competition and level of supplies although demand is high. Buxted, the largest chicken company in the UK has an estimated 35 per cent share of the market. It has suffered from a squeeze due to rising costs and static prices.

Imperial said last night final notice of the Glenrothes factory closure was given last month. The company has also stopped ... recruiting casual labour.

However, short-time working at Ross frozen food plants in Liverpool and Grimsby, where 500 people received extra summer holidays, is shortly to be rescinded.

Imperial has had some internal disagreements over the future of its egg and poultry business, which has been losing substantial sums of money.

Mr. William Wiley, chairman of the poultry subsidiaries, resigned at the end of last month because of a difference of opinion on the board over future policy.

Some 600 production workers are being made redundant this weekend at **Fodens**, the Cheshire heavy truck makers which went into receivership in the middle of July.

The move comes as little surprise to the 2,500 workforce. Before the receivers moved in, they had already been told that 630 forced redundancies would be required by the end of September.

The receivers, Sir Kenneth Cork, of Cork Gully and Mr. Philip Livesey, of Coopers Lybrand, have accelerated the redundancies because Fodens is already on a three-day working, with some prospect that a two-day week may have to be introduced for truck production outside of military contracts.

Fodens is continuing to produce its full range of trucks to existing orders, and Sir Kenneth yesterday dismissed reports that the receivers were considering breaking up the company and selling it off in pieces.

"There are some very interested people inquiring after Fodens, and I am now reasonably optimistic that a buyer will be found."

Saunders Valve, the UK's second largest valve manufacturer, said it was cutting its labour force and investing £250,000 to strengthen its position in export markets.

The South Wales company, which specialises in fluid control valves, said the move was offensive rather than defensive. A year ago it had foreseen the downturn in domestic sales and made considerable efforts to boost exports, achieving a 40 per cent increase. Exports now accounted for 70 per cent of output compared with 50 per cent previously.

● A further 174 workers are to be made redundant at **Plessey Hydraulics'** Swindon plant, bringing the workforce down to 576. Two months ago, 100 workers lost their jobs. The reason was given yesterday as falling demand for agricultural tractors and hydraulic pumps.

● **Eaton**, the forklift truck manufacturer based in Wednesfield, Wolverhampton, is to make 100 workers redundant in October because of falling sales.

● About 150 of the 550 workers at **Bexford**, film manufacturers, at Brantham, Essex, are to lose their jobs. The company hopes that most will disappear through voluntary redundancy and natural wastage.

● More than 500 workers at the North Staffordshire pottery company, **George Wade and Son**, are on short time because of the general recession in the industry. This brings the total number of workers on short-time in Staffordshire up to 10,500.

Car imports 'jeopardise 150,000 automotive jobs'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BRITAIN'S motor components industry warns that nearly 150,000 jobs will be lost unless acion is taken against vehicle imports.

The British Automotive Parts Promotion Council, which claims to represent the 14 largest components companies, predicts that 32,000 will go this year.

The council complains that UK companies are being placed at risk by the strength of the pound and the decline of the domestic vehicle assembly industry.

Although there may be scepticism about the council's *job predictions, concern* is mounting within the industry.

The sharp fall in UK sales of cars, commercial vehicles and tractors means that much of the components sector is working at about 60 per cent capacity. The fear is that such levels of activity could prompt investment overseas and a run-down of UK facilities.

The council warns that unless Britain maintains a viable manufacturing industry, "many of the larger components manufacturers will be forced to move to countries where governments encourage volume motor manufacturers."

Ironically, the problems of *the components sector could* help BL if it seeks Government money next year to develop its planned new middle range car, the LC10.

"The cheapest way to keep the components industry going would be to put more money into BL," one leading figure within the industry said last night.

The Parts Promotion Council in a memorandum to MPs argues that the industry has just about reached the limit of its ability to respond to pressures "using normal commercial solutions."

It maintains that in a trading climate determined by governments the UK administration *must act "to create a fair* trading environment."

Gloomy prediction on growth and jobs

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT will have to change its economic policies soon if unemployment is to come down much below 2½m even by 1986, according to the latest gloomy analysis from the St. James's Group.

The group, a forecasting club organised by the Economist Intelligence Unit and consisting of leading industrial and financial organisations, projects an average rate of growth of total output of about ½ per cent a year between 1979 and 1984 in the update to its medium-term assessment.

This compares with a 1 per *cent annual growth forecast* at the beginning of this year. This downward revision has arisen mainly because of the more severe economic downturn now expected. Total output, as measured by real gross domestic product, is now forecast to drop by 4 per cent in the period from 1979 and 1981.

The St. James's analysis is based on the Treasury forecasting model of the economy, and reflects conventional forecasting techniques. More monetarist analysts would be less pessimistic about the economic outlook, while recognising that unemployment is likely to remain relatively high.

The group expects the economy to pick up after 1981 with growth rates of 2.2 per cent in 1982, 2.5 per cent in 1983, 2.3 per cent in 1984 and 1.3 per cent in 1985. This would reflect falling inflation, a recovery in world activity and easing of fiscal policy.

It is assumed that the cuts in Government spending will be relaxed and that by 1982 there should be room for the Government to begin reflation through a phasing-out of the national insurance surcharge and £3bn worth of direct tax cuts by 1983.

The group assumes that the rate of wage inflation will fall quite sharply next year, and remains at about 11 to 12 per cent from 1982 onwards.

The group says a major short-term danger is the exchange rate. This is forecast to fall gradually, but a sudden sharp drop which seems the more likely the longer sterling remains over-valued, could thwart attempts to get wage demands in line with Government targets next year.

Britain to make $1.5bn early debt repayment

By David Marsh

THE GOVERNMENT will take the first step this month towards repaying, ahead of schedule, the $1.5bn Eurodollar loan raised from international banks in 1977. A repayment of $100m will be made from the reserves on August 21, with a further large portion of several hundred million dollars to be paid back next month, and the rest by the end of the year.

The Government announced last month its intention of repaying the loan early, in line with the policy of reducing official foreign debt.

According to the Treasury figures published yesterday, total repayments of public sector foreign debt in the second half of this year will come to $2.5bn. Repayments will total $2.9bn next year, dropping to $2.1bn in 1982 and $1.6bn in 1983 before rising again to $2.3bn in 1984.

One of the loans to be repaid over the next four years is the Government's other large Eurodollar borrowing, the $2.5bn it raised in 1974, which has a final maturity date of 1984. The Treasury has already indicated that this could also be a candidate for early repayment

Standard to drop one edition

By James McDonald

EXPRESS Newspapers, which faces falling circulation and other market problems on its four titles—the Daily Express, Sunday Express, Daily Star and London Evening Standard—is to discontinue the midday edition of the Evening Standard after tomorrow.

This was one of the options which Express Newspapers said it was considering last month, when it introduced immediate economy measures.

These included a reduction in the number of printing presses used to produce the four newspapers and tighter control over areas like overtime payments, expenses and employment of casual workers.

Another option being considered is the possible end of London production of the Daily Star and the transfer of total print back to Manchester where the newspaper originated.

Mr. Jocelyn Stevens, managing director of Express Newspapers, has said the company would not wish to adopt this measure unless the other economy moves were ineffective.

Announcing the end of the midday edition yesterday, the Evening Standard said efforts had been made to replace this edition with a new and improved sporting edition.

The 11 am edition of the newspaper after Friday will contain the card for afternoon greyhound meetings and tips for all London greyhound meetings.

Rail fares rise claim dismissed

By Sue Cameron,

BRITISH RAIL has dismissed as "speculation" a claim by Mr. Ray Buckton, leader of ASLEF, the footplatemen's union, that train fares could rise by up to 25 per cent in the next round of increases unless the Government relaxes its cash limits.

Mr. Buckton's forecast yesterday came after a meeting of the BR Council at which members of the board and railway union leaders expressed "serious concern" at BR's deteriorating financial position.

But a second claim, made by Mr. Sid Weighell, general secretary of the National Union of Railwaymen, that BR could make a deficit of between £70m-£90m this year was received a little more warily by BR officials.

British Rail said that in spite of the £24m half-year loss reported last month it was too early for estimates to be made on the end of year figure. Much depended on productivity talks being held with unions.

● British Airways Cargo yesterday announced a new cargo shuttle service between London and Paris.

Freight travelling between the two cities, on either British Airways or Air France services, can be delivered without prior arrangement, to the British Airways Cargo-centre at Heathrow Airport. But some goods — including perishables, valuables, live animals and consignments weighing more than one tonne — will still need prior arrangements.

● The Incorporated Society of Valuers and Auctioneers has backed a call by Mr. John Heddle, Conservative MP for Lichfield and Tamworth, that clearing banks should help buyers at the low end of the housing market.

The society feels that the move by banks to offer home *loans to those wanting mort*gages over £20,000 will do little to solve the UK's growing problems.

● Britain's 2,000 miles network of canals and rivers controlled by the British Waterways Board should be further developed and promoted to provide more employment, indsutry, recreation and tourism, says a report to the Government yesterday from the Inland Waterways Amenity Advisory Council.

Tougher limits set on vehicle noise

BY JOHN GRIFFITHS

MORE stringent noise limits on motor vehicles were announced yesterday by the Transport Department. They apply to cars, trucks and buses made after April 1, 1983, and to motor-cycles and most tractors made after October 1, 1982.

Although the reductions required are substantial, the Transport Minister, Mr. Norman Fowler, emphasised yesterday that he regarded them as only a first step towards standards which would require trucks, for example, to be no noisier than most current cars by the late 1980s.

The permissible noise level for cars is being cut from 84 decibels to 80; for trucks, from the current 85-92 range to 81-88; for buses, from 84-92 to 81-85, and for motor-cycles an average reduction of about 3 decibels.

Because decibels are calculated on a logarithmic scale, a reduction of 10 decibels, for example, is roughly equal to a halving of the perceived noise of a vehicle.

Motor manufacturers have been aware of the new requirements for some weeks, and expect no difficuties in meeting them. However, Ford said yesterday that additional investment would add "another cost element to the motor vehicle."

The stage for further reductions has already been set with the issuing of a consultation document in April on possible limits for the second half of the decade.

Comments from the industry are now being analysed and Mr. Fowler has promised a decision later this year.

● Firestone Tyre and Rubber is selling its 180 UK retail outlets for their written down book value of about £3.25m to Kwik-Fit (Tyres and Holdings), a major independent retailer of tyres and exhaust systems.

Kwik-Fit, whose operations include Euro-Exhausts, a rapid exhaust system replacement service, is seeking to expand its current 140 outlets to about 300 in the UK over the next 10 years.

Firestone said yesterday it hoped that the 1,000 workforce in the retail outlets would be retained. But it appears likely that many outlets will disappear during rationalisation of Kwik-Fit's expanded operations.

The sale represents the latest in a series of retrenching *moves by Firestone*

Firestone reported losses of $66m in the first half of this fiscal year.

It has faced substantial problems of over-capacity in Europe and the U.S. as a result of the deepening recession in the motor industry and the switch to longer-lasting radial tyres.

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Professor Smith takes over at Fraser group

BY REG VAUGHAN

HOUSE OF FRASER, the stores group which includes Harrods, yesterday unveiled its new board appointments, with Professor Roland Smith taking over from Mr. R. W. "Tiny" Rowland, of Lonrho, as deputy chairman and also becoming head of the board's executive committee.

Professor Smith, who is connected with a wide range of UK commercial companies and City institutions, is joined on the board by Mr. Ernest Sharp as a non-executive director. Mr. Sharp is a former joint managing director of Grand Metropolitan, the hotels, entertainment and leisure group.

The appointments were made after what was thought to have been a stormy boardroom meeting yesterday, when Lonrho representatives unsuccessfully opposed the appointments.

At the Fraser annual meeting in June, Mr. Rowland, chief executive of Lonrho—which has a near 30 per cent stake in Fraser—failed to replace four Fraser directors with his company's representatives. Lonrho also failed in resisting Fraser's attempts to increase the maximum number of directors on the board from 15 to 18.

Professor Smith, who has a three-year contract at £50,000 a year, said yesterday that his aim would be to make the board more cohesive and "aim it in a more positive direction."

He said he would be looking at the "profit improvement possibilities" of the group. Some assets "need to be rationalised and improved." He is planning to look at the development potential of the group's considerable property assets.

Ulster to receive extra £48m State aid

By Stewart Dalby

NORTHERN IRELAND is to receive an additional £48m in State spending, says Mr. Humphrey Atkins, Ulster Secretary.

The move follows the end of the Government's temporary freeze on new spending in the Province.

There is to be a reallocation of spending programmes to the tune of £50m. Although the new spending has not been spelled out in full it seems one beneficiary will be the de Lorean motor company. That will get up to £14m to help bring its West Belfast sports car plant into production.

The money, in the form of a repayable loan—the terms are not yet known—means that total de Lorean funding stands at £67m.

This excludes money from the European Community's regional fund as part of a force majeur clause for rising costs in the original de Lorean package.

It also seems probable that the £42.5m, granted to Harland and Wolff early in July, will now come from the recasting of funds. Originally, this sum was to come from supplementary estimates.

Of the £98m, £80m is to be made available to industry—in particular for new firms who might be interested in setting up business in the Province.

Some of the £80m is to be spent on eliminating the higher electricity prices in Northern Ireland compared with Britain. The higher prices are due largely to the cost of imported oil.

Of the remaining £18m, £10m is to be made available to meet extra spending for law and *order and protective services.* The remaining £8m is to meet technical adjustments in the spending programme.

The spending review's effect means £24m will be cut from environmental services, and £10m each will be cut from the education, health and social services programme.

Technically, the £48m extra funds will not mean an increase to the £2bn disbursement to Northern Ireland since it comes from the contingency reserve fund. It seems the budget for Northern Ireland does have a certain cushion for extra spending of the nature that the Government now envisages.

Meanwhile, Ulster's farmers have been meeting Mr. Giles Shaw, Junior Minister in charge of industry and agriculture, to plead for funds for the Province's ailing agricultural sector. Farmers' groups claim that this year average farm incomes will decline by 60 per cent.

Some are looking for up to £100m in aid. So far, Mr. Shaw, while saying he is sympathetic to the farmers' plight, says their situation must be seen in the UK context.

● **Raymond Snoddy writes:** A Port Glasgow pipe fabrication company, which closed last month with the loss of 170 jobs, is going to be re-opened with the help of a £140,000 investment from the Scottish Development Agency.

The agency investment will assist in the takeover of J. and T. Laurie, which ceased trading on July 4, by William McCrindle and Son of Ardrossan. The Scottish Economic Planning Department and the Clydesdale Bank are also supporting the venture.

Mr. Bill McCrindle, group chairman, said yesterday: "We have immediately recreated 30 jobs and we are planning to at least double that number over the next six months."

Mr. Bob Kerr, production manager at J. T. Laurie's Port Glasgow and Clydebank *factories has already moved* to the new company, McCrindle Pipes, and a register of former employees who want to return is being drawn up.

BAC fire payout is record

By Eric Short

THE LONDON insurance market this week paid out £70m to the British Aircraft Corporation in complete settlement of damage and loss from a fire at the Weybridge warehouse on the night of January 27.

Not only is this the largest *settlement* paid out by the London market in respect of a UK fire claim, but it has been settled in what by insurance standards is a comparatively short time.

The previous record fire claim related to the Flixborough explosion in 1974. The insurance companies eventually paid out £30m, more than a year after the event, and the Flixborough claim was regarded as straightforward by insurance standards.

In contrast the BAC warehouse fire destroyed the buildings and aircraft spares stored in them for Concorde and five other aircraft types.

Normally the complexity of the claim would prolong the assessment of the extent of the damage. But BAC and the insurance market have quickly agreed an overall settlement, thus avoiding extended uncertainty and strain on cash flow.

The insurance was spread throughout the London market, Commercial Union having the largest single involvement.

● An eight day inquiry has failed to establish the cause of Scotland's worst air disaster in 25 years, in which two crew and 15 oil workers drowned when their aircraft nose-dived off Sumburgh Airport runway into the sea.

It will now be up to Department of Trade investigators to discuss further why the Dan Air Hawker Siddeley 748 crashed on take-off from the Shetland Islands.

Sheriff Alistair MacDonald, who presided over the inquiry, held in May, said in his findings published yesterday that he could find no reason for the accident.

The wreckage has been examined by the Department of Trade which tested the behaviour of the plane's gust lock control. Their findings are likely to be made public soon.

Dan Air has accepted two recommendations from Sheriff MacDonald's inquiry concerning the stowage and use of life jackets and the fitting of cockpit voice recorders.

Dockyards report underlines warship-building crisis

BY WILLIAM HALL

EVER SINCE Samuel Pepys' days at the Admiralty, 300 years ago, the Royal Naval Dockyards have proved an expensive headache for successive Governments.

Since the war there have been no less than four major reports on the dockyards, and there is *little evidence that any of them* did any good. "There has been too much study in the past with too little practical result," says the report.

The latest consultative document, **The Royal Dockyards — a framework for the future,** serves to underline the very serious crisis confronting the *four dockyards at Chatham,* Rosyth, Portsmouth and Devonport, which together employ 32,000 people.

The report states that the "most immediate and pressing problem facing the dockyards is the decline in their ability to meet the needs of the Royal Navy."

The workers are discontented about pay and fearful of the future. Local trade unions are dissatisfied with the lack of authority of local management to settle difficulties, and arbitrary cuts in Civil Service manpower have further reduced the dockyards' effectiveness.

Rigid pay structures have led to serious loss of skilled men. Basic pay of craftsmen has fallen 28 per cent behind the private sector from 1975 to 1979.

As a result there is a "serious mismatch" between the Royal Navy's workload and the yards' capacity which is damaging the country's seaborne defence capability.

The report estimates that even if the work force can be stabilised at present levels, which is unlikely, there would be an overload of 100,000 man-weeks a year, over 20 per cent of dockyard capacity in the next four years.

The dockyard labour force is declining in an "uncontrolled and unbalanced way" which is reducing capacity by about 3 per cent a year. If this continues by the end of the decade the *yards' capacity could be 60 per* cent below requirements.

Already, much work has been subcontracted to British Shipbuilders and the load is expected to increase substantially over the next few years.

Roger Taylor

Invincible, first of the Royal Navy anti-submarine cruisers.

The consultative document says that unless ways can be found quickly of increasing capacity and reducing workload the strength and effectiveness of the Fleet will be "seriously reduced."

"To do nothing is not an option," says the report.

A central plank of the document is that with better management and organisation it should be possible to increase productivity by about a fifth over the medium term.

This is the equivalent of 5,000 men, but Mr. Keith Speed, the Navy Minister, was at pains to point out yesterday that this did not mean loss of 5,000 jobs, since there was such an overload of work at present.

One of the work force's main fears had been that one of the four dockyards would be closed to effect this manpower saving.

Portsmouth was the most likely candidate because of poor productivity and lack of nuclear submarine facilities. However, the document recommends and the Government has agreed that all dockyards be retained.

Savings could be made on the 8,000 or so non-industrial staff "without detriment to efficiency."

The report stresses that its proposals are intended as a package and that piecemeal or partial implemenation of the main recommendations is not good enough.

● As a result of heavy overload of work and need to increase competition, the report *recommends* that a "substantial and systematic expansion" of work be placed with the private sector. Up to a fifth of the present workload, 70,000 man-weeks a year, should be subcontracted. The bulk o fthis would probably go to British Shipbuilders and be worth about £60m a year.

● Comparison and competition between individual yards and the commercial sector should be encouraged.

● The Royal Ordnance Factories were organised into a trading fund several years ago and have been very successful. A similar organisation is recommended for the dockyards.

● A pay structure should be introduced which enables earnings to be kept broadly competitive with the local going rate. Basic pay should continue to be *determined* centrally but local managers should have more flexibility.

● The Minister asks for comments on the consultative document in the next two months. The report asks that the recommendation should be implemented in full by April 1st, 1982 and those o nearnings and pay sooner. It concludes that "radical action is required to resolve the deepseated causes of the cycle of declining capacity and loss of morale in which the dockyards are at present trapped.

'Raid' controls to be proposed

BY ANDREW FISHER

TODAY'S special meeting of the Council for the Securities Industry, the City watchdog body, will consider tender offers and changes in the Takeover Code as possible options for stricter control of "dawn raids" in which shares in a company are snapped up quickly by a keen buyer.

Stock Exchange representatives, led by its chairman, Mr. Nicholas Goodison, will put forward the view that such raids can best be made less spectacular and open to criticism by giving all shareholders the opportunity to participate in a more equal manner.

But the CSI's sub-committee on the Takeover Code will also be expressing its views on how the rules governing acquisitions could be altered to ensure that "dawn raids" are more closely regulated.

A number of these lightning share swoops have been undertaken this year, one of the most controversial being that in February when the South African-based De Beers Consolidated Mines picked up 11 per cent of Consolidated Gold Fields to add to the 14 per cent secretly acquired in previous months.

Both the Stock Exchange and the Department of Trade have published lengthy reports on the De Beers affair, with both coming out in favour of changes in company law. Their suggestions are now being considered by the government.

The Department's report, published on Tuesday, dealt more fully with the secret share build-up by De Beers before February, than with the actual "dawn raid."

On the same day, the Stock Exchange Council decided that raids should be brought under control through a system of tenders, through either a fixed or a maximum price mechanism. Although details have still to be worked out, it is felt that this would give shareholders in a target company a fairer chance of selling if they wished to do so.

Among the options discussed in the City is a possible change in the Takeover Code lowering the threshold at which a major shareholder in a company has to make a full bid.

At present, this is 30 per cent. Thus most "dawn raids" have sought to bring the raider's stake up to between 20 and 30 per cent without triggering off an automatic bid to all shareholders.

Money down the drain

BY ELAINE WILLIAMS

NEARLY A quarter of the water in Britain's ageing water supply system leaks away through broken pipes and old reservoirs, the National Water Council said yesterday.

The council wants water authorities to increase efforts to detect leaks and monitor more closely the supply of water. In a report, the council asks authorities to carry out a review of their policies towards controlling water loss.

More than £500m is spent each year on Britain's water and sewage system—nearly £200m on renewing the country's 1,469 miles of pipeline alone.

But up to 370m litres (81.4m gallons) disappear every day through leaks in the system.

TUC seeks changes in support for industry

By John Elliott, Industrial Editor

THE TUC called on the Government yesterday to increase financial aid to industry, especially high technology and public purchasing areas. The TUC rejected the view that "North Sea oil must lead to a decline in manufacturing."

This was spelled out in a paper presented by the TUC at yesterday's meeting of the National Economic Development Council. It provided a formal answer to a document from Sir Keith Joseph, Industry Secretary, which was discussed at last month's council meeting.

Sir Keith is becoming more willing to consider state financial support for industry, but union leaders do not consider that there has been a significant change of policy. The TUC yesterday called for major changes.

It came down firmly on the ICL side in the current debate about whether a British or foreign company should receive a £150m computer order for the Inland Revenue. "The placing of the order with a foreign company would seriously damage the entire computer manufacturing sector."

The TUC called on Sir Keith to adopt "wider economic and social factors" when implementing his new public purchasing policy.

These factors should include not only the direct costs of the product, but estimates of potential sales at home and abroad.

The TUC also called on the Government to increase its finances for training skilled labour and to introduce a regional labour subsidy. There should also be more support for new technology, he said.

Tough going for Northern entrepreneurs

JOURNEY ROUND ENGLAND

By Anthony Moreton

FROM GUISBOROUGH to Middlesbrough is a short journey in miles, but a long one in time. While Guisborough represents traditional England (though not necessarily its traditional values: they had a big punch up there earlier this year when three coachloads of Stockton boys tanked up and took on the locals), Middlesbrough is the England of today.

In and around it are British Steel's giant works, the enormous chemical complexes run by ICI, Rohm and Haas, Monsanto, and Seal Sands and Phillips' oil terminal. The whole area is a lattice work of pipes and hissing steam and smoke. From the air, it must look like an electrician's blueprint. If there were one person employed for every mile of pipe, the country's unemployment problem would disappear overnight.

But this is not the case. This is the land of capital-intensive production where workers are almost as scare as in the American corn belt.

Dr. David Storey showed me around these pipes and works with something akin to pride. He even takes you to Hartlepool, which to the average southerner is about as attractive a spot to visit as the Gorbals.

The misconceptions that the South holds about the North are, of course, legion. Hartlepool is a perfect example; it is a not unattractive Victorian town with a new shopping centre, some good-looking old property and a respectable view across the Tees estuary.

Dr. Storey likes it, although he is a Southerner by birth. He was born 33 years ago in Norfolk and brought up in a series of southern towns. His first taste of the north was at university in Hull, and after jobs in Harwell and Buckingham, he moved back north to undertake work towards a doctorate concerned with pollution studies in the Tees.

He now lives in Durham, where he teaches for part of the week. For the rest of the time, he works as a research fellow for the Centre for Environmental Studies in Middlesbrough.

Dr. Storey is now engaged on a project that is central to the concept of the effectiveness of the Government's regional aid.

"Governments have for almost 50 years tried to minimise the differences between rates of unemployment in the assisted areas and rest of Britain," he says. "At times when the economy has been buoyant, they have reduced the differentials, but they have never eliminated them. So what hope is there for the regions? In particular, can the present policy of boosting small firms benefit such areas within the next decade?"

Middlesbrough is a good place to look at such questions. The county of Cleveland, which is essentially only the area around the Tees, has received as much regional assistance as the whole of Wales and half as much as the whole of Scotland.

Despite these grants, and despite the importance of manufacturing industry in the area, it is the service sector which has been growing. "There has been a substantial contraction of manufacturing industry here since 1976. More jobs have been lost through closures in these four years than in the 11 years between 1965 and 1976.

"This, perhaps surprisingly to an outsider, is not really characteristic of the area. Cleveland has not been badly hit by closures. It is an area characterised much more by contraction of its basic industries—steel, chemicals, ship repairing, manufacturing industry.

"It is not easy for people when laid off here to open their own businesses, to become entrepreneurs. The amount of capital needed to start up in chemicals or steel is enormous by comparison with, say, engineering."

Dr. Storey's research also questions the assumption that the future of the country depends on small businesses. He has found from case examples in the area that, on the whole, small firms remain small or even go out of existence. Few of them grow really big.

Take one example. There were 133 firms in Cleveland in 1965 employing fewer than 10 people. Eleven years later, 35 of them had gone out of business and 81 were no bigger. Only two had grown to be larger than 50 strong.

Dr. Storey believes that the spirit of entrepreneurship is more likely to be found in the small market towns of the south than in the industrial areas of the north, places where the individual does not need great capital to set out on a new venture. Concentration on small firms, therefore, will do more for the areas which the least need help than for those which need the most.

"We have spent 50 years trying to redress the imbalance between rich and poor areas and, arguably, we have not achieved much. What we must not do is pursue policies that will perpetuate the imbalance.

"Sad though it is, the policy of pulling yourself up by your own bootstraps works best where employment is high—not in places like Middlesbrough."

Next Tuesday: Pilot of the seas in Workington

Dr. David Storey, an academic concerned with the effectiveness of regional aid, surveys a landscape that looks like an electrician's blueprint

New activity astir as a feudal landowner faces the Eighties

Raymond Snoddy examines the complex financial affairs of the Duchy of Cornwall

THE DUCHY of Cornwall—which is the only visible means of support for Prince Charles until he accedes to the throne—has an image of oyster beds, rights to treasure trove and Royal fish, and rather feudal relationships.

In fact the Duchy is more concerned with such matters as rent rebates for its tenants in Kennington, South London; the effects of the Housing Bill on life in the Scilly Isles; and how an ancient institutional landholding can be efficiently managed in an era of high inflation when repairs, for instance, can absorb a third of gross income.

These are active years for the Duchy, which is fulfilling its primary purpose dating from the creation of the Black Prince as the first Duke of Cornwall in 1337—providing an independent income for the heir to the throne.

When there is no Duke of Cornwall, as in the years following the Abdication of King Edward VIII, the Duchy is in the hands of trustees and there is perhaps not quite the same pressure for generating income.

But now two or three times a year, in a room lined with portraits of former Dukes of Cornwall, Prince Charles presides over his Council and considers the affairs and future of the Duchy. He is, by all accounts, interested in how the estate is run and eager to be a fair and modern landowner.

For the past 10 years, through a voluntary agreement, he has returned to the Treasury an amount equal to his income. Last year £300,000 was shared between the Prince, who does not draw an income from the Civil List, and the Treasury.

This arrangement is not enshrined in any Act of Parliament and can be revoked at will if there is any major change in the Prince's circumstances.

There is a clear implication that if the Prince married the payment to the Treasury could be reduced or cancelled.

But the reason why Highgrove, the Georgian mansion near Tetbury, Gloucestershire, is being bought for the Prince is not because of the likelihood of an early marriage but simply because he wants a suitable home of his own. He has only three rooms in Buckingham Palace, and Chevening House, near Sevenoaks, which the Prince has been using, often involved a 2½ hour drive through London traffic and was considered unsuitable.

The Duchy's offer for Highgrove was accepted yesterday. The £1m estate is seen as a good investment by the Duchy and has been financed by the sale of three smaller houses.

The Duchy has also been trying to assert its rights over the fundus, or river bed, and is charging mooring fees. The result has been headlines in the local Press and some opposition to the rises.

In some cases, such as the beach charges paid by local councils, rents which have been unchanged since the second world war have suddenly been increased sharply.

The rent for Widemouth beach in North Cornwall has risen from £5 to £500, and that at Polzeath from £100 to £2,000 with, according to local councillors, little prospect of negotiation.

Prince Charles

Mr. Bill Lynes, a North Cornwall district councillor and a former Mayor of Bodmin, has begun a one-man campaign against the beach charges, which can be imposed because the Duchy owns 160 miles of foreshore in Cornwall.

He has written several times to the Prince of Wales to protest that such charges increase local rates although the beaches are enjoyed by people from all over the country. He was surprised to receive a reply from the Duchy arguing that "the rates point does not apply because the opportunities have been given to the council to commercialise the beaches." Mr. Lynes said: "I don't believe that Prince Charles would want these beaches to be commercialised."

The question of river rights is also causing ripples.

The Duchy says it owns 11,000 acres of river bed and charges between £1.50 and £2 a foot a year compared with fees of up to £8 a foot on the south coast.

Mr. David Penhaligon, Liberal MP for Truro, said: "There is a row about charges. Unless you can prove the fees are unlawful, even if boats have been moored there for 150 years, you have to pay up.

"The Duke's position seems to be if you can't prove you own this river then I do. The Duchy seems gradually to be taking over all the rivers."

But Mr. Penhaligon agreed that charges are moderate and that overcrowded moorings at such places as St. Mawes on the Percuil river, where the Duchy has sent out letters to residents, are serious. And although rents for farms in Cornwall have been steeply increased in recent years, Mr. Pehaligon and Mr. A. H. Robathan, county secretary of the National Farmers' Union, agree that the Duchy has followed the upward trend rather than created it.

"They are tough landlords and expect a pretty good rent but they fulfil their obligations on such things as repairs," Mr. Robathan said.

Mr. Penhaligon said he has many complaints about rising farm rents in Cornwall but not about the Duchy of Cornwall, although he adds that the Duchy can afford to be generous because it pays neither taxes nor death duties. "The Duchy is a ludicrous anomaly but it works."

Mr. Anthony Gray, Secretary to the Duchy (and a former treasurer of Christ Church, Oxford, for 20 years) believes Duchy rents are as much as one third below the market rate. But its 28,000 acres in Cornwall makes up only one fifth of the 130,000-acre total, which includes 69,425 acres of Dartmoor.

The Duchy once owned land in 29 counties stretching as far north as Knaresborough. Now it is mostly confined to the West Country apart from 45 acres in Kennington, including the Oval cricket ground.

In Kennington the Duchy encourages tenants from all social groups, from "the little old lady with a canary to 11 MPs and nine peers."

Some rents in Kennington are as little as £1 a week.

After £2,500 has been spent on improvements, such a rent would rise to £7 and then by stages to £13. But a Duchy official, who is a former rent officer, visits tenants to tell them how to claim rent rebates from Lambeth Council. A single old-age pensioner can reclaim £6.66 out of the £7, leaving a real rent of 34p, or £1.31 on the £13 figure. MPs and peers, however, pay much closer to the market rate.

The Duchy is not only skilful at using existing legislation but is also not above giving its opinion on the new. It asked for the Scilly Isles to be exempt from the Housing Bill because it feared that public housing, now used for essential employees like nurses, teachers and caretakers, might be sold off. But the Government said there would be no exceptions to the Bill.

Apart from land, river and foreshore rights the Duchy has a home farm and forestry interests. It is also becoming increasingly involved in letting mineral prospecting rights in Cornwall.

Three companies are prospecting for tin and associated copper and tungsten, and the Duchy hopes that mining will again be a much larger employer in Cornwall.

Such a prospect would please Mr. Penhaligon, who said that although criticism of the Duchy in Cornwall is considered tantamount to treason, there is a feeling that more of the Duchy's money which is earned in Cornwall should stay there. "It is the poorest county in England in terms of average wages. The unemployment rate this summer is 11 per cent and is certain to hit 15 per cent before Christmas," he said.

UK NEWS – PARLIAMENT and POLITICS

Committee threatens unilateral action on 'sus' law repeal

A COMMONS all-party Select Committee yesterday threatened to introduce legislation next session to repeal the "sus" law if the Government failed to act, writes Philip Rawstorne.

In an unprecedented move, the Home Affairs Committee warned that it could not escape continuing responsibility for its recommendation earlier this year that the law should be changed.

"It therefore follows that if there is no measure to repeal 'sus' foreshadowed in the next Queen's Speech, members of the committee will themselves place such a Bill before the House," the committee said.

The committee, whose chairman is Sir Graham Page, a former Tory Minister, called for changes in the law covering intent to commit an offence because of its effect on race relations.

Mr. William Whitelaw, Home Secretary, accepted the need in principle for reform of the law, but gave no undertaking when it would be done.

It would have to be considered in relation to the Law Commission's report on the law of attempt and the ambit of the criminal law as a whole, he said.

The Home Office reiterated yesterday that the Home Secretary could not anticipate the contents of the Government's programme in the next Queen's Speech.

The Home Affairs Committee, laying down its challenge to the Government, said that despite Mr. Whitelaw's apparent commitment to repeal, there was still confusion about the nature and extent of the law with which he would fill the gap.

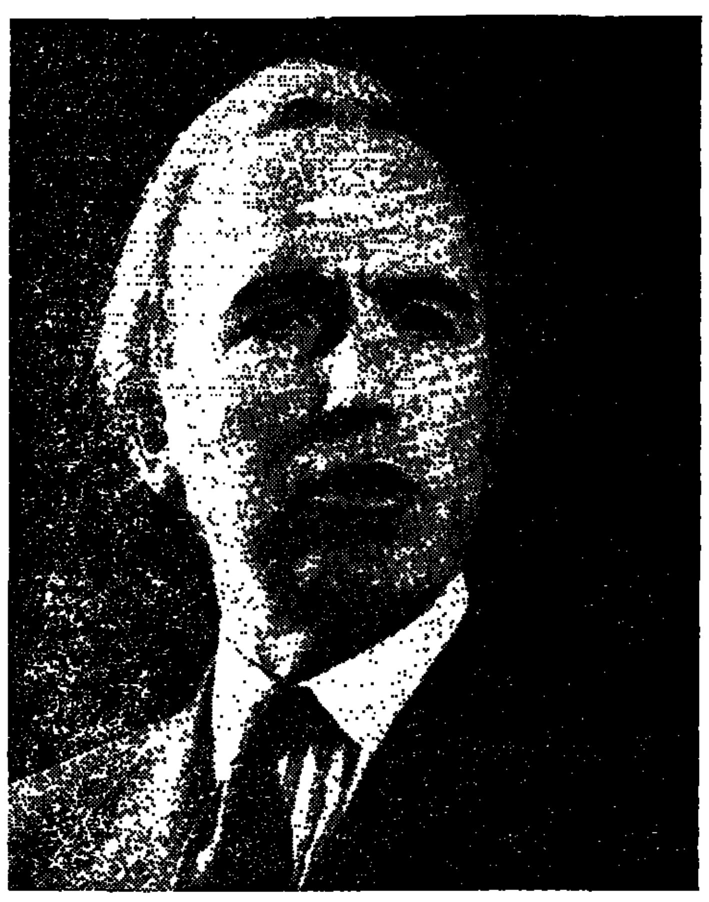
It "noted with some alarm" that Mr. Timothy Raison, Minister of State, had been critical of alternatives to the "sus" law suggested by the committee.

"We must reiterate that it is our firm opinion that arrests for the kind of behaviour at present described as loitering with intent should not be subject to criminal sanctions," the committee said.

If the Government intended to re-enact "sus" in any form, it should say so clearly.

There were now doubts about the strength of the Home Office commitment to repeal "sus," the committee said.

"We seek now a clear understanding that legislation to repeal "sus" will be introduced in the forthcoming parliamentary session."



Mr. Norman St. John Stevas, Leader of the House: "I don't think that we are in a state of chaos."

Ivor Owen on the Government's continuing battle to meet its legislative schedule

Hubbub, heckling in race against time

IN A MEMORABLE moment amid the almost constant hubbub in the Commons yesterday, Mr. Norman St. John-Stevas, Leader of the House, blandly observed: "I don't think that we are in a state of chaos."

Just over an hour later Mr. George Thomas, the Speaker, had twice suspended the sitting and the Government had been forced to drop seven of the items from the day's Parliamentary programme.

When the clamour and tumult at last subsided, Labour MPs were claiming another decisive tactical victory to consolidate the success gained by the 24 hours 20 minutes marathon on Monday.

This caused havoc to the Parliamentary timetable by effectively removing Tuesday from the Commons calendar.

Government supporters consoled themselves with the fact that the Housing Bill—it gives council tenants a statutory right to buy their own homes had been salvaged from the wreckage, so that it could become law at the end of this week.

The frailty of the Government's overnight threat to make up the time lost on Tuesday by cramming a two-day programme into less than 24 hours became apparent when the procedural battle was resumed at 3.30 yesterday afternoon.

As Mr. St. John-Stevas tried to announce the full contents of the new double bill — it ran to some 11 items —a succession of Labour MPs noisily tried to stop him in his tracks by raising points of order.

When he at last succeeded in spelling out the full details of the "two days in one" programme, he was immediately told by Mr. Michael Foot, Deputy Labour Leader, that the Government would find it impossible to get it through.

"The business you have announced for today is an absurdity and an outrage to the House of Commons," he declared, amid roars of approval from the Opposition benches.

Mr. Michael Foot

Mr. Foot proposed that there should be immediate consultations between the parties through the so-called "usual channels" to try to hammer out agreement on a compromise programme.

Uproar swept across the opposition benches as Mr. St. John-Stevas, backed by Tory cheers, argued that the Government had the right to expect to get its business through.

To further cheers from Government supporters he protested: "The Opposition may be scoring the occasional procedural point but what is at stake here is the right of people to buy their own homes and it is that which Labour MPs are delaying."

An initial 10 minutes suspension — ordered by the Speaker at 4.21 "in view of this noise" — did not provide enough time for a compromise to be reached and as soon as the House resumed Mr. Foot urged another 30 minutes break.

Reluctant Ministers, aware that the longer the delay the greater the tactical success for the Opposition, eventually agreed and the House was then suspended for another half hour.

Mr. St John Stevas returned at 5.15 to announce that the Government had given way.

The programme had been changed, he said, "following discussions through the usual challenge" — a slip of the tongue which did nothing to improve the morale on the Government benches and which delighted cockahoop Labour MPs.

The House then went on to consider seven applications for emergency debates — whittled down from an original 13 — and began consideration of the Lords amendments to the Housing Bill two and a half hours after the normal starting time.

The items dropped from yesterday's parliamentary programme will now be taken today and the debates on procedure and on financial assistance to opposition parties originally scheduled for today, will be postponed until after the summer recess.

Mrs. Thatcher, a silent onlooker from the Treasury bench, but who left no doubt at her anger over the reverse suffered by the Government

Pensioners' homes not for sale

BY IVOR OWEN

PURPOSE-BUILT accommodation for the elderly is to be excluded from the provision in the Housing Bill giving council tenants the right to buy their homes.

This was announced by Mr. Michael Heseltine, Environment Secretary, in the Commons last night amid claims by Labour MPs that they had forced a notable change in Government policy.

The first move to protect most pensioners' flats and bungalows was made in the Lords, when the Government was defeated on an amendment to the Bill by 109 votes to 74.

Peers expressed concern that tenants who bought such properties might re-sell them to young fit people with no special need for such accommodation.

Mr. Heseltine told MPs that after considering the Lords amendment, the Government had decided to widen the exclusions from the "right to buy" provision, so that it did not extend to genuine elderly person accommodation.

He added that, for technical reasons, a similar amendment to the equivalent Scottish legislation would have to wait until a later date.

Mr. Roy Hattersley, Labour shadow environment minister, welcomed the Government's about turn on this issue. Mr. Denis Skinner (Lab. Bolsover) attributed the change conceded by the Government to the tactical procedural battle waged by the Opposition earlier.

He scoffed: "I hope that the Tory Government, especially Tarzan himself, understands that there are ways and means in the House of Commons even without aParliamentary majority, to extract things of this nature."

Builders warn of housing shortfall

By Our Own Correspondent

PRIVATE BUILDERS would be unable to meet the housing shortfall caused by cuts in public housing expenditure unless the Government took urgent steps to release more land, the House-Builders Federation said yesterday.

The federation's members are responsible for 70-80 per cent of private completions.

It said that if effective demand picks up, "the major and over-riding constraint upon the ability of the industry to meet this rising demand will come almost entirely from the lack of suitable, serviced and marketable building land which results from the anti-growth bias of county structure plans and of our planning system."

Mr. Roger Humber, federation director, appealed to Mr. Michael Heseltine, Environment Secretary, to call in some structure plans for early review and think again about nearly a dozen plans at present with the department.

Structure plans put a limit on the number of new dwellings. Some control the amount of land that will be released.

The federation is alarmed by a detailed survey it has done on the plans. This shows that in most cases housing plans up to 1991, expressed at an annual rate, fall far short of the actual building rate between 1974-1978 when the number of households is increasing. The decline is 61 per cent for Tyne and Wear, for example, and 36 per cent for Essex. The aggregate shortfall is 19 per cent.

In some cases, land available was even less than the plan. The federation estimates that Essex will be able to meet only 50 per cent of its target.

It is particularly alarming that an analysis of demographic trends shows that some of the largest reductions coincide with areas of large housing demand, says the federation.

"The structure plans are setting out to knock the historic production of the industry off target," Mr. Humber said.

In the next four or five years, housing shortages looked like becoming one of the major political and social issues. Increasingly those who had houses were trying to prevent their environment being changed by efforts to provide for those who had not.

The federation agrees with the housing shortfall estimates produced by the Environment Select Committee. This forecast there could be a cumulative shortfall of about 500,000 public and private sector homes in Great Britain by the middle of this decade.

Mr. Humber said the federation's worst estimates of public housing starts in 1984 was lower than the committee's — 15,000 as opposed to 26,500.

During the lifetime of the present Government, growth in housing would have to come from the private sector. Towards the end of 1978 starts were running at an annualised rate of 170,000 and the capacity to build at that rate was still there.

"The main task of the Government's housing policy must now be concentrated upon enabling the private housebuilding industry to maintain — and improve upon — that scale of annualised production for a longer period," the federation says.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.0	107	106.2	144.8	1,299	256
3rd qtr.	112.6	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.8	106	101.7	151.9	1,286	230
Dec.	111.9	103.6	102	101.7	153.1	1,294	219
1980							
1st qtr.	110.6	100.9	98	103.2	157.8	1,379	193
Jan.	112.0	102.2	86	103.1	155.5	1,339	207
Feb.	110.6	101.4	97	103.9	158.5	1,383	191
March	109.0	98.5	108	102.6	159.4	1,414	181
April	107.1	98.3	99	102.3	161.0	1,458	169
May	107.0	97.2		100.6	160.2	1,484	163
June				100.5		1,535	147
July						1,606	126

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
Dec.	105.0	102.0	127.0	100.0	100.0	93.0	15.0
1980							
1st qtr.	105.2	101.6	124.8	99.3	63.1	91.7	12.3
Jan.	107.0	103.0	127.0	102.0	65.0	94.0	13.2
Feb.	106.0	103.0	124.0	101.0	59.0	92.0	11.4
March	103.0	99.0	124.0	95.0	65.0	89.0	12.2
April	101.0	98.0	121.0	95.0	81.0	88.0	15.0
May	99.0	96.0	123.0	93.0	97.0	85.0	17.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−357	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	− 83	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−711	−157	103.7	22.54
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
Jan.	129.8	128.0	−315	−213	− 76	100.9	23.71
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.2	127.6	−264	−214	+ 44	101.8	28.01
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.28
June	130.3	125.3	− 17	+ 33	− 15	103.4	28.17
July							28.27

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	−4.0	7.2	21.9	+1,673	634	1,972	17
2nd qtr.					697		17
Jan.	−6.9	8.1	22.6	+ 737	235	688	17
Feb.	−6.7	6.1	20.7	+ 271	199	665	17
March	−2.3	7.5	25.4	+ 711	200	641	17
April	−4.0	4.8	18.8	+ 695	266	676	17
May	4.0	11.4	21.9	+1,144	225	621	17
June	−4.0	+12.0	28.0	+1,352	206		17
July							16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Dec.	165.1	187.5	183.4	139.4	239.9	295.13	69.7
1980							
1st qtr.	167.7	197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	175.0	202.4	197.0	260.8	254.1	275.67	72.6
May	177.9	200.5	199.1	263.2	255.7	268.23	74.3
June		201.3	201.0	265.7	257.9	267.45	74.4

* Not seasonally adjusted.

Education for handicapped

LEGISLATION to make the system for educating handicapped children more flexible is foreshadowed in a White Paper published yesterday.

The aim is to enable local education authorities to identify and provide for special educational needs arising from all kinds of disability, whether physical, sensory, mental, emotional or behavioural.

At present, authorities have to provide special educational treatment only for a restricted range of "statutory" handicaps. These are blindness, partial sight, deafness, partial hearing, educational subnormality, epilepsy, physical disability, defective speech and delicacy of health.

The change — proposed by the Warnock Committee in 1978 — will enable local authorities or parents to call for the examination by medical, psychological and educational experts of any child aged two or more who is thought to have a disability requiring special education.

Such children should be catered for in normal schools, except where the special treatment would require unreasonable expense or adversely affect the child's class mates.

For children with more serious disabilities who need to be educated in a special school, the authority would formally "record" the handicaps and the educational treatment deemed necessary, and continue to keep the case under review.

Parents who disagreed with the "recording" of their child would have right of appeal, ultimately to the Secretary for Education and Science.

They would also have a right to see and comment on what the authority recorded. But the authority would not be obliged to disclose the medical and other assessments on which the record was based.

The White Paper proposes to extend existing state and other schools specialising in the treatment of handicapped children by creating a new category of independent schools which could be approved by the Education Secretary for admitting "recorded" pupils.

Where appropriate, children with disabilities would continue to be educated in hospitals or at home.

Special Needs in Education (Cmnd. 7996). HMSO; £1.75.

Two Scottish colleges to close

TWO SCOTTISH colleges of education—Hamilton and Callendar Park—are to be closed under a major reduction in the teacher training programme in Scotland, Mr. George Younger, Scottish Secretary, announced yesterday.

He also announced Government plans that primary teaching in Scotland should become an all-graduate profession.

The announcements came in a written reply to Mr. James Craigen (Lab., Glasgow Maryhill).

Craiglockhart College of Education in Edinburgh will stop operating as a separate entity. It will be merged — preserving a distinct Roman Catholic unit — with another institution in East Scotland. At most of the remaining seven colleges of education in Scotland, reductions in capacity will bring overall capacity to 8,000 —a drop of more than 3,000.

Mr. Younger said that in spite of big cuts since 1977 there remained "substantial surplus capacity" in the system.

This year's intake of students will not be affected by the changes, but there will be no subsequent intakes at the colleges to be closed.

"I have considered not only demographic factors but also a number of important educational developments which I hope will take place in the years to come, Mr. Younger said.

"These include my intention that entry to the primary teaching profession should, in due course, be on an all-graduate basis.

"Further consultations will be needed about the best way of achieving this.

"The pace at which we can move forward will depend upon the outcome of these consultations and the availability of resources, but I hope that it may be possible to make significant progress in the next five years or so.

"In a time of declining need for numbers of teachers, I believe that we should be putting increasing emphasis on the teaching force."

Redundant staff will be compensated under the Crombie Code, which the Scottish Office says "is the most generous available in the public service."

The cuts will lead to "significant savings of money, though the Government says it is not yet possible to say by how much.

The Government has put forward several suggestions for achieving its aim on an all-degree profession. These include a more flexible degree structure which, after an initial training, would give students the choice of not entering the teaching profession.

Phone tapping 'connived at'

THE SECRETARY for Scotland was accused in the Commons yesterday of "conniving" in illegal telephone tapping.

Mr. Bob Cryer, Labour MP for Keighley, said the Post Office microwave tower at Craigowl Hill, near Dundee, was collecting information for the Americans.

The information was being fed into the Menwith Hill operation, run by the National Security Agency of the U.S., he said.

There were allegations recently that extensive tapping of national and international calls was being carried out at Menwith Hill, near Harrogate, Yorks.

"There is no authority to do this because the Post Office Act does not allow foreign agencies to intercept international or national telephone calls," Mr. Cryer said.

"*Does it not mean* that you are conniving in illegal activity, at least in part carried out in the area for which you are responsible?" Mr. Cryer asked Mr. George Younger.

Mr. Younger retorted that Mr. Cryer's statements were "pure speculation, unsupported by any form of evidence."

He refused to give any extra information to that given in the White Paper on telephone tapping.

Replying to Mr. Arthur Lewis (Lab., Newham N.W.), who said the CIA had admitted the operation and the Government should tighten up such acts by foreign agents, Mr. Younger said: "I hope you will inform me or the Home Secretary of any information you may have about any foreign agency breaking the law in this country."

There were no records of any prosecutions in Scotland for illegal telephone interception in 1979 or 1980.

UK NEWS — LABOUR

TUC rules out Days of Action protests

Financial Times Reporter

THE TUC is unlikely to stage any further national demonstrations against Government policies in the foreseeable future following the so-called Day of *Action on May 14.*

This has been made clear in a letter from Mr. Len Murray, the TUC General Secretary, to Mr. Colin Barnett, Secretary of thet TUC's North-west Regional Council.

He wrote: "The General Council recently consulted affiliated unions and I must tell you there is little or no support for a repeat of the Day of Action in the near future on a national or regional basis."

Mr. Murray was reacting to a *proposal by the TUC's North-*west Executive Committee to hold a mass demonstration in *protest at Government policies* some time between the annual conferences of the TUC and the Labour Party—probably on Tuesday, September 23.

In his letter, Mr. Murray pointed out that such demonstrations could not be held without the prior approval of the General Council and that the TUC was anxious to ensure a co-ordinated campaign. "We certainly do not expect regional councils to launch initiatives which, in effect, are a call for a stoppage of work," he wrote, adding: "I must ask you not to proceed and to advise your regional council accordingly."

Mr. Barnett, however, said the plan had not been abandoned and would be discussed again by the Regional Executive next week when an official of Congress House would be present.

Mr. Murray's letter confirms his own assessment immediately after May 14 that another such demonstration was unlikely.

The TUC General Council is planning a six-month "national campaign of regional activities," focusing on the unemployment problem.

Boyd appointment

SIR JOHN BOYD, general secretary of the Amalgamated Union of Engineering Workers, has been appointed a patr-time member of the UK Atomic *Energy Authority for three* years from the beginning of this month.

MPs criticise running of employment service

BY PHILIP BASSETT, LABOUR STAFF

THE Manpower Services Commission, the Government's employment agency, was strongly *criticised* yesterday by the Commons' all-party Employment Committee.

The committee criticised the MSC's operational priorities and accountability. It was concerned also about its refurbishment of High Street job centres.

The committee was concerned that the MSC had no access to Treasury unemployment forecasts when preparing its corporate plan.

The plan was prepared on the assumption that 1980-81 unemployment would average 1.65m. While the committee noted the difficulty of predicting unemployment it suggested that MSC activities should be based on a range of unemployment assumptions.

It said: "We recommend that a body with the commission's responsibilities should have ready access to the appropriate Treasury forecasts and their underlying assumptions."

The select committee, in a report on the commission's corporate plan for 1980-84, questioned the modernisation of the employment service. It suggested instead that training and work experience for the long-term unemployed was a more important objective.

MPs did not want a return to the old image of the employment exchange, but they questioned the need to find prime sites for job centres. Their criticism follows similar questioning by Sir Derek Rayner, the Prime Minister's special adviser on Civil Service efficiency.

The committee said that some of the sites chosen "appear to have been unnecessarily extravagant."

Since the refurbishment programme began in 1973, some 660 employment exchanges have been transformed into Jobcentres. About 21 per cent have been conversions of existing premises rather than new sites. At 1979 prices the average capital cost for each centre was £42,300. The remaining 340 or so sites are to be renovated by 1984.

The commission argues that the major advantage of the new centres. *is that they have been* a contributory factor in increasing job placement.

Some 2.72m vacancies were *notified* to the commission last year, compared with 2.67m the year before, and there were 1.9m placements compared with 1.8m the previous year. Of these 1,682,790 went to the unemployed this year, compared with 1,630,461 the year before.

The commission originally refused to publish its corporate plan, which is the basis of its funding application to the Department of Employment and then to the Treasury.

It published the plan only after pressure from the committee, and MPs yesterday said it was "ridiculous" and "particularly insensitive" to deny the information to Parliament.

The committee was worried also about the effects of the Government's cuts on the Commission, particularly in relation to the long-term unemployed. It said the combined effects of the reductions in MSC expenditure "seem to dilute the help available to a particularly vulnerable group."

● The TUC will today announce its own programme of measures for direct help for the unemployed *which it will be calling on the Government to imple-*ment.

The MSC's Corporate Plan 1980-84; first report from the Employment Committee, 1979-80 session. House of Commons paper 444. SO, 6 vols. inc. evidence.

Pressure by print craft union for settlement at the Observer

BY OUR LABOUR EDITOR

SENIOR OFFICIALS of the National Graphical Association, the print craft union, are to meet this afternoon the machine managers of The Observer Sunday newspaper, whose pay dispute threatens to shut the paper in October.

The tone of a statement from the union last night suggested that pressure will be put on the machine managers to give ground in order not to jeopardise the jobs of over 1,000 other staff.

But the NGA would not elaborate on its statement, isued after a special meting of its governing council in Bedford. It said the meeting was "an attempt to find a solution."

Mr. Joe Wade, general secretary, said the union's *national council* was still determined to do everything in its power to prevent the paper closing, after the "unfortunate" failure of intervention by the Advisory, Conciliation and Arbitration Service and by Mr. Len Murray, TUC general secretary.

"They are very conscious of their responsibility to the thousands of union members whose jobs are at risk at The Observer and elsewhere."

He added: "I a mconfident that my colleagues in the machine room at The Observer are equally conscious of the union's responsibility in this regard and that we will emerge from tomorrow's meeting with a solution."

The Observer, owned by the U.S. oil company Atlantic Richfield, has issued dismissal notices to some 1,000 staff, half of them full-timers and the rest "regular casuals" like the machine managers. It has set October 19 as the last day of publication.

The managers are demanding £108.03 each for producing a larger paper on their Saturday night to Sunday morning shift. Management has refused to budge from its offer of £100.13, on the grounds that it will be faced with consequential pay demands from other print chapels (union branches).

Bid to end clearing bank pay problems

BY PHILIP BASSETT, LABOUR STAFF

PROPOSALS *for the establish-*ment of new arbitration procedures to resolve pay and other problems in the clearing banks have been put forward by the new joint staff union representing bank staff at Barclays, Lloyds and National West*minster.*

The proposals involve tripartite arbitration machinery involving the employers and both the Banking, Insurance and Finance Union and the new Clearing Bank Union, which formally came into being yesterday *after receiving its certificate* of independence from the Certification Officer.

If accepted, the CBU proposals would be a significant step towards easing the strained relations between BIFU and the staff associations at the three banks which have now joined together to form the CBU.

The banks used to have a com*pulsory* arbitration mechanism as part of their national negotiating agreement, but since the collapse of the national machinery three years ago no procedure has been available.

Under the terms of the draft constitution for new machinery which has been circulated by the CBU to the banks and to BIFU, any of the three parties *involved could propose that an* issue be referred to arbitration. If the referral was made by the employers, the two unions would have the choice to present separate or joint cases to the arbitration panel.

While bank employers are *understood* to be receptive to the new proposals, they are less likely to be sympathetic towards one suggestion in the draft which allows for an arbitration referral to be blocked if both unions are against the issue going to the panel.

The draft proposes that the arbitration machinery be permanent, but that its membership be drawn from a range of nominees to allow relevant experiences to be brought to bear on particular issues.

Mr. Jack Britz, CBU general secretary, said yesterday that without some form of arbitration procedure "we are faced with either a *failure* to agree or possible industrial action, which seems to me incredible in an industry like the banks."

The response of BIFU to the CBU's proposals is not yet clear but Mr. Britz said that it was hard to believe that there could sensibly be separate arbitrations with both unions on the same issue.

Transport union refuses to assist efficiency study

BY OUR LABOUR STAFF

TRANSPORT UNION *members* will not co-operate with an investigation into working practices on London Transport according to their union official.

An investigation, starting at the Underground train maintenance works at Acton, has *been promised by Sir Horace* Cutler, leader of the Greater London Council following criticisms of LT's management and efficiency.

Mr. Bill Morris, national secretary of the Transport and General Workers Union responsible for passenger transport, detenHoO—shad nbN au c accused the council of "political gimmickry" ahead of the May council elections.

In a letter to LT's executive member for personnel, Mr. Morris says that the enterprise has one major asset, its good industrial relations. "It is therefore sad to see this now being put at risk by the ill-judged and amateurish announcements *regarding so-called restrictive* practices," he said.

Shop stewards of the Amalgamated Union of Engineering Workers at Acton accused the GLC of looking for a "scapegoat" ahead of the elections.

Their statement said that Sir Horace should take some of the blame for LT's problems since he had appointed Mr. Ralph Bennett, LT's chairman, who was sacked last month.

Warning on job agencies

FLY-BY-NIGHT job agencies will boom as a result of Government cuts, the Society of Civil and Public Servants warned yesterday. It said the law controlling the agencies had been sabotaged by slashing the number of inspectors.

Mr. David Luxton, a national officer of the society, said: "As a result of a staggering 64 per cent cut in agency inspectors, *the way is now open for the* cowboy agencies to flourish."

The 1973 Employment Agencies Act prevents companies charging job seekers for their services, ensures that employer clients are not paying below minimum rates, and bans recruitment of strike-breakers.

The Department of Employment said yesterday that 30 per cent of its inspectors' jobs were to go. This would leave job seekers "vulnerable to unscru*pulous exploitation,*" Mr. Luxton said.

COMPANY NOTICES

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(Incorporated in the Republic of South Africa)
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ANNOUNCEMENT

[illegible]

JOHANNESBURG
4th August, 1980.

LEGAL NOTICES

OFFICIAL NOTICE

The loss has been reported to us of the following warehouse-warrant: Warrant No. 010264 — 34 cases ferro silicon — STW nett 30,600 kg, gross 32,252 kg. Anyone claiming to be entitled to these goods is invited to enter protest by means of summons against the delivery of the goods.

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Netherlands.

PUBLIC NOTICES

H.M. LAND REGISTRY—LOST CERTIFICATES—It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. [illegible] Palace Bingo and Casino Clubs and 34-42 (even) Heath Street, ... 25-43 (odd) Tabernacle Street, ... Lincoln's Inn Fields ... The Noble Organisation Ltd.

Company Secretary

(Designate)

c. £10,000 — South London

Our client, Harvey and Thompson Limited, established in 1897 has a chain of jewellery and pawnbroking shops in London and the Home Counties. With a new Managing Director the business is being actively developed and there is a vacancy for a qualified accountant or company secretary to:

* provide trading accounts and cash flow forecasts
* manage the accounts office
* contribute to updating of management information systems
* fulfil statutory requirements of Registrar and Company Secretary

This is a challenging opportunity for somebody able to contribute to the growth of the business and who has comparable accounting, secretarial, and management experience.

Employee benefits initially include an annual bonus plus good pension and life assurance arrangements, with excellent prospects of improvements as plans are accomplished.

Please telephone or write for a job specification and application form quoting ref. no. 1297 to:

Anne Knell,
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227/228 Strand,
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Telephone: 01-353 5171.

bf

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EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

ADMINISTRATIVE ASSISTANT

Japanese Securities Company requires three male or female administrative and bookkeeping assistants for its London offices. Employer is subsidiary of Japanese parent and buys and sells securities for customers all over the world. UK company works closely with and subject to the instructions of parent company in Tokyo.

Candidates should be fluent in Japanese and English and have a very good working knowledge of Japanese securities. Bookkeeping experience and understanding of accounts and of the securities markets would be an asset.

Salary is negotiable, in the region of £4,500-£5,000, plus luncheon vouchers. Working hours 9 a.m. to 5 p.m., with 1 hour for lunch, Monday to Friday. Summer and winter bonuses are paid, in the discretion of the management. 21 paid working days holidays plus all normal public holidays. Candidates should write with full details, in confidence, to:

Box A.7255, Financial Times, 10 Cannon Street, EC4P 4BY.

Finance Director

(Designate)

Property Company — Central London

Our client is a medium size but long established quoted company with investment and development projects in the UK and overseas. The Finance Director contributes to:

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* the raising, investment and control of cash resources and is directly responsible for:
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* fulfilling the function of Company Secretary
* administering the small London office.

The successful candidate will be an FCA with several years' experience with a property company or with a comparable financial institution. As important will be the personal qualities with particular emphasis on the ability to be totally involved in the business, to be sensitive to the feel of a project as well as to its tangible criteria, and to maintain good internal/external relationships.

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Management Consultants,
227/228 Strand,
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Telephone: 01-353 5171.

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Lecturer II/Senior Lecturer
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The City Treasurer's Department employs some 1,200 staff and is responsible for the proper administration of all the financial affairs of the Council. The responsibilities also include the Council's computer. The post is at Deputy Chief Officer level and duties will include acting for the City Treasurer as required.

Applicants should be professionally qualified and be able to demonstrate substantial achievements and experience in public service financial management.

Candidates, male/female, may obtain application forms (returnable by 29th August) and further details from:-

The City Personnel Officer, Personnel Department, Snow Hill House, 1 & 19 Barwick Street, Birmingham B3 2PF. Telephone: 021-235 3748.

Please quote reference DT1
Canvassing will disqualify

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Write Box A.7258, Financial Times, 10 Cannon Street, EC4P 4BY.

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BASF

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ECONOMIST

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Ref. 1064/FT.

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* critically examine reports on commodities, industries and economies and report thereon on an international as well as national basis.

Ref. 1065/FT.

Candidates for both posts must be prepared to live in Abu Dhabi. The contract will be for a minimum of two years, renewable thereafter. Salary will be free of tax in Abu Dhabi. Free accommodation, transport and medical facilities will be provided. Please write or telephone for an application form, quoting the particular reference number, to W. L. Tait:

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Tel: 01-353 8011 ext. 3185

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One of the City's leading merchant banks is expanding its Eurobond operation and wishes to appoint an experienced sales-oriented Analyst, and in addition, an Institutional Sales Executive.

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Competitive salaries, together with the usual range of substantial banking fringe benefits, will attract applicants of high calibre.

Please write in confidence, giving details of experience, qualifications, age and salary, to Position No. ASE 8022, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK LONDON

Austin Knight Advertising

The National Bank of Kuwait S.A.K. – Kuwait

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Applications are invited for the position of Senior Dealer – Deposits.

The successful candidate would be based in the Middle East and be responsible for the deposit trading activity of the Treasury Division.

Candidates are likely to be aged between 27 and 32, with a minimum of five years' experience in a major money centre.

Salary is negotiable with normal expatriate benefits.

Applications should be made in writing with a detailed resumé to: *Mr Andrew Grant, Treasurer, The National Bank of Kuwait S.A.K., P.O. Box 95, Safat, Kuwait*

BANKING — Vacancies in Credit, Operations and Accounts Departments for suitable candidates with sound education and previous experience. Attractive salary and fringe benefits according to age and experience. Write with full details to: Ruth Sefton, Bank Leumi (UK) Ltd., 4/7 Woodstock Street, London, W1.

DG

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Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

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International Bank in London seeks qualified accountant aged to 31 years preferably with bank experience to assist chief accountant with all financial accounting aspects of the bank. The usual range of bank benefits apply.

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New York

The American International Group is one of the largest insurance groups of its kind in the world, employing 19,400 people in more than 130 jurisdictions. The following opportunities have recently arisen and will appeal to people with the desire to further their knowledge and experience abroad:

These opportunities have arisen within the Internal Audit Department and are primarily aimed towards people who are prepared to spend a minimum of three years in New York, with the prospect of furthering their career worldwide afterwards. Applicants should be aged under 30 and single, ideally with previous experience in the insurance industry. A generous salary and accommodation allowance will be paid.

INTERNAL AUDITORS
Overseas

The Group also requires well-qualified Accountants with a minimum of two years' experience, to join their Internal Audit Team.

Applicants can expect to be travelling worldwide on a regular basis, so single status and mobility are essential requirements. Fluency in a second language would be desirable.

All appointments are accompanied by a good tax-free salary and excellent benefits package.

Please telephone the Personnel Department for an application form on 01-681 2555 ext. 206 or write with details to:—

David Healey, Personnel Manager,
AMERICAN INTERNATIONAL GROUP
American International Building,
12-14 Sydenham Road, Croydon, Surrey CR9 2LG.

AIG

COUNTY BANK

Eurobond Sales Executive

Following expansion of our Eurobond Services, we wish to appoint a further eurobond sales executive. Applicants should have five years experience in the distribution of eurobonds to the international investment community, with a demonstrable selling record in primary and secondary markets in at least one of the major currencies. Ability to work as part of a team is essential.

The remuneration and benefits package is competitive and will be commensurate with experience.

If you can demonstrate a successful record in eurobond sales, please apply in confidence with full career and salary details to:-

Gordon Prosser, Company Secretary,
County Bank Ltd.,
11 Old Broad Street, London EC2N 1BB

A member of the National Westminster Bank Group

HOARE GOVETT LIMITED

INTERNATIONAL DEPARTMENT

A vacancy exists on the Far East sales desk. Applicants must already have considerable experience in dealing in Far Eastern stocks and a knowledge of the Japanese market would be particularly advantageous. The successful candidate can expect to make regular visits to the Far East.

Initial remuneration will relate to the candidate's experience, and prospects for advancement are excellent.

Applications, which will be treated in strict confidence, should be made to:

**The Secretariat,
Hoare Govett Ltd.,
Heron House,
319/325 High Holborn,
LONDON WC1V 7PB**

Legal Adviser
(Banking)

Our client, a major new Arab-owned banking and investment institution being established in Bahrain, is seeking a solicitor or barrister to establish and co-ordinate its legal services to the highest international standards.

The successful candidate will probably have a good degree and be over 30, with extensive experience in the international financial field, either in practice or in a financial institution. This is a senior appointment and administrative experience is most desirable.

The post offers a unique opportunity to participate in the establishment of a new venture on a scale which should ensure that it will rapidly become a major force in world financial markets.

Although initially located in the Middle East, it is likely that after some 2 years, the person appointed will be transferred to a branch to be opened in London.

Please write, with full career details, to Coward Chance, (reference PLR), Royex House, Aldermanbury Square, London EC2V 7LD.

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Approx. 40% weekday travel will be mainly directed towards Europe with some visits to Africa and the Middle East.

Excellent fringe benefits are offered plus genuine opportunities for promotion within two-three years.

Please apply to
M. J. R. Chapman,
LLOYD CHAPMAN ASSOCIATES,
123 New Bond Street, London W1.
Tel: 01-499 7761
quoting ref. 4055

FOOD RETAILING ANALYST

Leading stockbrokers have a vacancy for a food retailing analyst to expand their coverage of the food sector. Initial remuneration will be competitive and the career prospects are good.

Applicants should have at least two years' experience in the City as specialist analysts, or in the industry in forward planning or related activities. They should also have a professional qualification or a good degree.

Applications should be sent in confidence, together with a curriculum vitae to:
Box A7265, Financial Times,
10 Cannon Street, EC4P 4BY

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STOCKBROKERS require experienced SENIOR CONTRACTS CLERK to run our Computerised Department in a pleasant West-Midlands county town. Excellent working conditions. Salary and contribution towards relocation expenses negotiable. Reply in confidence with details of career to date to:

Box A.7269, Financial Times
10 Cannon Street, EC4P 4BY

ELECTRICAL ANALYST

Fielding, Newson-Smith and Co have a vacancy for a senior analyst to expand their coverage of the electrical sector, who would be a member of a team but would have individual responsibility for the companies specialised in and for expansion of the industry coverage.

The successful applicant will have a good degree or professional qualification and at least five years' experience in the stock market, and have a reputation as an acknowledged specialist.

Remuneration will depend on experience, but this is a highly paid position carrying excellent career prospects.

Applications, accompanied by a curriculum vitae, should be sent to:
The Managing Partner,
FIELDING, NEWSON-SMITH & CO.,
31 Gresham Street, London EC2V 7DX

Principal Accountants (2)
(Male or female)

Grade PO1 (b) Salary £8112–£8964 per annum inclusive (pay award pending)

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Application forms and further details from the Controller of Personnel Services, Town Hall, Forest Road, Walthamstow, E17, telephone 531 8899—24 hour answering service. Please quote Reference B3346.

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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

Docked: London's newest agency duo: Ron Leagas, left, and Tim Delaney

A lesson in pushing the boat out

NEW ADVERTISING agencies are usually two a penny. They spring forth every week, armed with hope and rhetoric, and sometimes they succeed, for in the advertising aviary—part vulture's cage, part Cuckooland—births outnumber marriages and marriages outnumber deaths.

It is rare, though, for an agency to be formed that boasts quite the credentials of London's latest: the Leagas Delaney Partnership. Both partners have vacated top management positions in well-known agencies. They have an impressive new office, and the backing of Coutts. Even their sales talk sounds fresh and convincing.

The tale is even spiced with the outside chance that they will land a fat inaugural account in their first ten days of business.

The partners are Ron Leagas, until last week managing director of Saatchi and Saatchi Garland-Compton, the largest British-owned advertising agency, and Tim Delaney, until last week managing director and creative director of BBDO, which is small in Britain, but is part of a U.S.-owned parent of international standing.

The account they are chasing is Sony's, said to be worth more than £3m. It was at BBDO. The position is unclear, but Sony is said to have fired BBDO within an hour of learning of Delaney's departure, and put the account up for review.

Leagas Delaney is not on the shortlist, but is to be allowed to present its credentials. It is unlikely to win, but the inevitable speculation has done its cause no harm.

Leagas and Delaney are in no doubt where they stand. They know the clients they wish to work for, and the agency they hope to build. (Both are 34).

"We want advertisers with big problems," says Delaney, "who will take bold steps to correct them. We only want serious advertisers, not a flood of lawnmower manufacturers. Too many agencies survive on false bonhommie, celebrating every new client with a bottle of champagne and convincing themselves that all will be well. But it isn't."

They say that not only do they have a firm idea of companies they'll have no truck with, but whole categories, as well.

That is a very bold stance, but they seem to have the will and means to justify it. They claim that money isn't everything ("I've got three cars now," says Leagas) and that they will ignore the "cheap thrills of growth" so as to concentrate on producing the work they want to, the way they wish to.

Delaney has been creative director at BBDO for the past six years, and managing director as well for the past 18 months.

He says he was becoming frustrated at BBDO, mainly because he disliked churning out format advertising for international clients.

Leagas has been at Saatchi since its beginning. His background is mainly account handling and business organisation. "Saatchi's is now virtually the largest agency, and a gap inevitably develops between the business of management and the business of advertising. I was becoming almost totally involved in management, and wanted to get back to advertising. Saatchi's understood: they did it themselves 10 years ago."

They say there has been no acrimony over their departures — indeed, that both Saatchi and BBDO has offered backing.

"We were flattered," says Leagas, "but it will not be necessary. Our plan is to hire the best core talent necessary to start an agency. If there is to be any equity share-out, it will be among them."

They have already hired David Wright, former head of planning at BBDO, and Gary Duckers, a main Board account director at Saatchi. They have a general manager, a production manager and an account supervisor, and have a creative team in view. A media director will follow.

Coutts has offered overdraft facilities, plus finance as well —Mr. Leagas is a significant Saatchi shareholder, and will hold on to his shares. To begin with, they are leasing 5,000 sq ft at Ivory House, part of the World Trade Centre development at London's St. Katherine's Dock.

●APART FROM Sony, other big accounts are on the move. The Electricity Council has put its consumer division business up for review. Currently at Ted Bates, the account is worth approximately £5m. Six agencies have been briefed. Ted Bates has been asked to repitch, and a decision is expected by Christmas. Young & Rubicam has won the £2m-plus Fine Fare Superstores account. It moves from Collett Dickenson Pearce, which continues to handle the Fine Fare supermarkets business. This is Y & R London's largest-ever account win. Ogilvy Benson & Mather is to handle the £1m Philips Industries' Major Appliance Division, formerly at Wasey's.

ADVERTISING PROSPECTS

The first sign of teeth marks

THE GREAT ITV boom is over, though prospects for the autumn are hardly seen as gloomy. There has been much speculation of late as to when the recession would sink its teeth into the exposed throat of advertising, and at last it has, although it has by no means drawn blood.

It is still too early to look at Press and other print prospects, but television advertising is holding up remarkably well.

It enjoyed a very strong first half. In May, ITV revenue was £54.4m, 27 per cent better than in the same month last year. The June figure was £50m, 31 per cent up. All in all, ITV scored an average monthly revenue increase of 39 per cent over the first half of 1980, for a six-month total of £321m against £231m for the first half last year—far better performance than almost anyone expected.

According to Young & Rubicam, a feature of the second quarter was an apparent switch of revenue to the South, where Thames, Southern and Anglia, says Y&R, have reported revenue gains substantially above the network average. This has resulted in loss of share for northern contractors.

A part-explanation for this may be the impact of the recession on marketing plans, as advertisers concentrate expenditure on southern markets at the relative expense of the North.

Further, in July, says Y&R, ITV is likely to have sustained its first real fall in revenue since the road haulage dispute 18 months ago. Y&R, which has one of the best media departments in London, expects July revenue to show a gain of not more than 15 per cent compared with July 1979 (£32.2m), while demand in the current month is expected to be even less pronounced.

The outlook for September and the autumn stays uncertain, but if Y&R's projections prove correct, the downward turn in the rate of revenue growth so widely predicted has already made its mark.

The last five months of 1979 were badly disrupted by the ITV strike. But Y&R has estimated what might have happened to ITV revenues last autumn, had there been no strike, and what is likely to happen to them this autumn — so that as the last five months of the current year unfold, it will be possible to compare like with like and discover what is really happening to advertising, or at least to the TV component.

The Y&R forecast of ITV revenues for the past five months of 1980 are as follows: August £32.9m (a 10 per cent improvement on what would have been recorded last year but for the ITV strike); September £55.4m (+ 15 per cent); October £58.9m (+ 10 per cent); November £61.7m (+ 10 per cent); December £58.8m (+ 15 per cent).

This produces a five-month total of £267.7m, against the estimated £238.9m that would have been spent last year but for the strike. The overall gain is 12 per cent—nothing to write home about, but also nothing to cause panic.

"If the revenue in October and November were to be lower than that projected," says Y&R, "then for the first time ITV would have taken more revenue in the spring than in the autumn. This seems unlikely."

Enough of that for now. What of the commercials themselves? Which of them, as Television Advertising Bureau (Surveys) asked this week, is winning the battle of the box?

TABS has a vested interest in this area. Among other things, it measures how commercials rate in terms of interest value. TABS is an independent market research company that provides a continuous, syndicated service aimed at distinguishing television campaigns that are effective from those that are not.

In broad terms, it claims it can tell an advertiser the strengths and weaknesses of his own and his competitors' advertising.

To do so it uses a panel of 2,000 housewives and 1,500 men, aged between 16 and 64, all living in the London ITV area. They give scores to commercials —all scores, says TABS, recorded in the "real life natural in-home viewing situation" on self-completion questionaires.

Periodically, TABS produces a list of Top Ten Brands and Top Ten Campaigns. These show how interesting the respective commercials were judged to be. The scores are produced in an indexed form, 0-100. The most interesting commercials score around 80, very poor ones 25, while the average is a little over 50. They are not awareness scores, though that is also measured.

During the period May 28-June 24, for which scores have just been released, the top five TABS brands as voted by the panel in the regulation home viewing environment were Cinzano Rosé, 69, Hovis Bread, 68, Cinzano Bianco, 67, Country Life Butter, 65, and Birds Eye Beefburgers.

The rest of the Top Ten was fleshed out by Anchor Butter, Olympus Cameras, Heinz Coleslaw, Persil Automatic, Coca-Cola and Kellogg's Corn Flakes.

Cinzano is clearly doing well, although it is by no means home and dry: several panellists referred to "Martini Cinzano" and one to "Chinchano."

Another campaign from the same agency, Collett Dickenson Pearce, this time for Heineken, is said by TABS to be working less well than formerly.

In the latest TABS period, the Heineken campaign scored a respectable 54, ahead of Skol, Ben Truman's Export, and Harp, though several viewers confessed to waiting up specifically to watch the Heineken "Aborigine Boomerang" commercial again, having made neither head nor tail of it first time around.

TABS awards a silver gong to Persil Automatic for its 61, the highest TABS score ever achieved by a detergent or soap powder, and is kind to British Airways, whose campaign scored 56, comfortably ahead of British Caledonian (48), TWA and Pan Am (45), with World Airways struggling on 37.

Among cars, the now-discontinued Ford Escort campaign scored as high as 57, ahead of Fiat, 53, Citroen, 53, and BMW, 50. At the bottom were Saab, 40, Talbot (which is about to choose a new agency), 40, and the full Ford range with a bleak 37.

New products, poor expectations

PARTLY ON the basis of research, partly on inspired figurework, KAE, the new product development consultancy, has surfaced with the remarkable finding that the estimated cost of achieving a single new product success in Britain is now approximately £225,000, excluding launch costs.

Furthermore, KAE reckons that only one new product idea in 94 translates into success in the marketplace.

These figures are way above the estimated casualty rate for new products in the U.S., where the director of new product development at Stokely Van Camp recently estimated that it cost approximately $250,000 to put a new food product into test market, and that only one idea in 60 was rewarded with success.

There are enormous problems: what, for example, is a "new product," let alone an "idea" or a "success"? Nevertheless, KAE recently attempted to obtain information on this front via a postal survey of UK manufacturers.

The answers indicate that drinks manufacturers spend less on obtaining a new product success (an estimated £191,000) than food companies (£230,000) or non-food companies (£231,000).

"If indeed it costs over £200,000 to achieve a new product success," says KAE, "without allowing for launch costs, then it is important to have relatively high minimum turnover criteria."

This appears not to be the case. Over half the respondents claimed a minimum turnover criterion of less than £1m. The average, says KAE, is probably only £1.4m.

"If this produces a 5 per cent margin before tax, i.e., £70,000, it follows that it takes over three years to recoup development costs alone. If capital investment costs and launch costs are included, then the investment payback is likely to be long indeed."

The survey did not fully allow for products that are tested regionally but are not promoted to national launch. Many companies do not now use traditional test markets. When they do, at least half their test products are not thought suitable for national launch.

This may be the reason, says KAE, for the discrepancy between the U.S. and UK figures.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● WEATHER FORECASTING

Looks into clouds from above

A TWELVE feet tall one-ton weather satellite called GOES-D will be placed in stationary orbit over North America in September and will be able to look into the vertical development of clouds in order to improve weather forecasting.

To date weather satellites have only been able to observe the development of cloud tops as they build altitude — and there may be an "undercast" which could modify a forecast.

The new craft, orbiting synchronously at 22,300 miles, will be equipped with a visible and an infrared spin-scan radiometer which will be able to provide data on the vertical structure of temperature and moisture in the atmosphere. If the experiment is successful it will enable meteorologists to determine the intensity of storms and track them with much more certainty.

The craft, which has been built by Hughes Aircraft, first sends its raw data to ground for computer processing into high resolution pictures which are then returned to the satellite for radio distribution to widely distributed users.

Other data collected by ocean- and land-based stations (currents, rainfall, river conditions, snow and seismometer readings) can be picked up by the satellite and also returned to earth for data processing, as can solar radiation and magnetic field data sensed by the satellite itself.

Images of cloud formations will be delivered every 30 minutes, day and night; images formed from visible light will have a resolution of up to 0.6 miles and those derived from infra-red up to 4.3 miles.

In the next two years three craft of this type are to be launched. Hughes Aircraft is building them all under a NASA contract worth $38m.

● QUALITY CONTROL

Checks circuit boards

RAPID, ON-LINE inspection of multilayer printed circuit boards is possible with the Andrex TFI system now available in the UK from Andrex NDT Products (UK), 12 Trafalgar Way, Bar Hill, Cambridge CB3 8SQ (0954 81616).

The system is essentially an X-ray source and a scanning system that enables a small focal spot 0.5 mm across to be scanned on a raster occupying an area of 12 x 10 mm on the face of the board.

The board is held on a horizontal x-y table so that the scanned area can be stepped over the whole surface for area by area examination. Under the board is an X-ray sensitive television camera tube and this is internally scanned in synchronism with the X-ray spot. The operation is carried on inside a lead lined steel enclosure for safety reasons.

Results are seen on television monitor of high resolution and a diameter of 432 mm. Boards up to 600 x 461 mm in size can be accommodated.

Clearly, considerable time savings are achieved in comparison with wet film techniques and the system is also considerably faster than instant film cameras. However, it is claimed that defect sensitivity remains equivalent to conventional film and faults such as misalignment (of a land with a hole for example) can be measured to within 0.25 mm.

Manual table control and speed variation are effected by means of a joystick mounted on the console and it is also possible to pre-program the table to describe particular motions using external signals.

According to tests made by the company where there are four or five inspected areas on the board, time savings of between 60 and 80 per cent can be made in comparison with instant film. The improvement offers a quality control department the option of either processing more boards per shift or increasing the sampling level on each board.

As well as printed boards the equipment can also be used to examine integrated circuits, discrete components, substrates or any other microelectronic device.

● METALWORKING

Sheet metal bending

IN RATIONALISING its range of power-operated bending rolls for sheet metal processing, Kingsland Engineering, 25-27, Hackney Road, London E2 (01-739 6357) is concentrating on the two most popular sizes of top-slip initial-pinch models, which now have new features.

The new versions of models KPR 1450 and KPR 1050, previously hand-operated, are fitted with a foot control and an emergency stop kick-plate which complies with the usual safety regulations.

A time-saving feature is that the back roll can be adjusted rapidly at either end of the machine with precise parallel movement, Kingsland claims. Repetition rolling is facilitated by an adjustable stop mechanism, and to ensure that the sheet metal does not bow when pressure is applied the bottom drive roll is fitted with a centre support.

Cone rolling attachments, as used in making ducts and agricultural silos, are available as extras.

Threading tools reground

A CLAIM that it can increase the threading capacity of taps by at least 100 per cent is being made by The Birmingham Tap Grinding Company of 135 Brighton Road, Birmingham B12 8QN (021-449 8529).

The company specialises in the regrinding of all types of tap, including spiral flute and taper taps, with a minimum diameter of ¼ in and maximum length of 11 in. Cost is said to be usually under one-fifth of the original purchase price.

BTG says it will prove its efficiency by grinding one tap free of charge.

Cuts steel rope

A PORTABLE steel-rope cutter weighing 15 kg is now being imported from Japan by P. F. A. La Roche and Co., 40-42 Station Lane, Hornchurch, Essex (04024 52013). Actuation is electro-hydraulic, providing a cutting pressure of 18 tons.

It is claimed to cut 32 mm steel wire rope, 32 mm hard-drawn copper wire or copper round bar, or 16 mm hard-drawn steel round bar or copper strand wire.

● COMMUNICATIONS

Computer speech for pilots

TELEX messages about the weather received at Heathrow will be automatically converted into speech for radio transmission to pilots using a development called Automatic Volmet, perfected by Marconi Space and Defence Systems and to be seen for the first time in public at Farnborough Air Show (August 31 to September 7).

The idea behind the equipment is to provide pilots with an easily understood English "standard" voice: aircrew often have difficulty in comprehending weather reports en-route and at terminals throughout the world since, although these are usually in English, they are often spoken with an accent. Marconi clearly hopes to sell the equipment world-wide with a view to providing the same clear English voice 24 hours a day, every day of the year.

The voice, that of a Marconi manager, reading standard weather report phrases, words and figures has been recorded and then digitised and stored in a computer memory. Incoming met stations telexes are automatically converted into a number code which is recognised by the speech store circuits, releasing the appropriate words and phrases.

In this way the information for pilots is immediately updated and transmitted. The equipment allows weather reports from selected groups of airports to be transmitted simultaneously on four channels.

Free of moving parts, the system uses two PDP 11/34 minicomputers in a dual redundant system which incorporates a multiplexer to select which of the two processors provides the output, while the other runs in standby. If one fails, the other takes over.

Marconi Space and Defence Systems is at Chelmsford on 0245 353221.

Railway radio link

IMPULSES for signalling purposes that are traditionally sent over pole-supported lines in the more remote and rockier parts of the UK may soon be transmitted by radio if a British Rail experiment in Scotland is successful.

As well as eliminating cable connections between boxes for the bell coded signals on the 103 mile route between Tain and Georgemas Junction, the system will also provide radio speech connection between the rail control office in Inverness and signal boxes and locomotives fitted with the new equipment.

British Rail points out that in the severe blizzard which struck north east Scotland in January 1978, most of the overhead wire route between Lairg and Forsinard was completely destroyed. Its replacement would have been very expensive.

Now, with the new system units to convert bell signals to radio signals and vice versa have been employed in eight signal boxes.

The equipment is said to be ideal for single line routes with long distances between the boxes and could be adapted for use on rural double lines also. Apart from reduced maintenance, the system has the advantage of allowing speech from the Inverness control office to both the boxes and the trains. Design has been by BR specialists.

● DATA PROCESSING

Text editing terminal

A VISUAL display unit which offers exceptional flexibility in the development of complex text editing routines and which can offer 512 fully user-programmable characters has been launched by Interset Computer Systems, UK subsidiary of the Dutch company International Zet Centrum.

Four of the VDUs can be driven independently by the company's own 16 bit IS 2000 machine and the main application areas include word processing, printing, publishing and business systems, and libraries.

Offering 512 characters rather than the normal 96 ASCII characters, the machine can provide very high screen definition by using a 12 x 16 dot matrix. The characters can be pre-programmed to any styles or fount using an enlarged matrix on the screen.

The screen will display 24 lines of material with 100 characters per line and eight kilobytes of local storage give in excess of three pages of vertical scrolling. In addition, horizontal scrolling is provided, extending the effective line width to 320 characters.

Fast, flexible correction of text is possible, with the ability to move blocks of data between stored bodies of text (files), insert and erase completely variable lengths of text and to generate special purpose, complex inter-file editing routines.

At switch-on the operator is provided with a menu which displays a list of the stored data and job files. Having selected the text group or job needing attention the system automatically fetches this section from disc store and displays the contents sequentially on the screen. A variety of programmable commands and data accessing options is available to the user including section, page and line identification and more sophisticated character group recognition and search routines.

More from the company at New Rock Industrial Estate, Chilcompton, Bath BA3 4JE (0761 232606).

● MATERIALS

Demolishes without a bang

PROBLEMS ASSOCIATED with conventional explosives in demolition work have been overcome in Japan with the use of a safer, non-explosive demolition agent, reports Bristar, 9 St. Mary's Street, Wallingford, Oxon (0491 38100).

Called Bristar, the powder hardens and expands when mixed with water and, poured into cylindrical holes drilled in rock or concrete. It sets in 15 minutes then expands in several hours to exert forces of up to 3,000 tons a square metre, thus generating fractures.

Maker of the agent, Onoda Cement Company, Japan, says that this technique eliminates flyrock, noise, vibration, gas and dust, and contributes to cutting capital equipment costs.

● HANDLING

Lifts big vehicles

MOBILE column lifts for commercial vehicle maintenance introduced by Tecalemit are claimed to make the optimum use of floor space in congested garages. A fixed lift can monopolise up to 400 square feet for 30-tonne trucks, allowing work on the underside of only one vehicle at a time, but the mobile lifts can be wheeled into position where and when they are wanted. The vehicle is then lowered on to adjustable tripod stands and the lifts removed for use elsewhere.

Improvements over the Tecalemit lifts introduced two years ago are claimed to include easier and faster positioning and increased protection against corrosion when vehicles are washed nearby. Maximum lifting height is 63 inches.

● POWER

Big battery maintains computer

THE LARGEST battery thought to have been installed on British soil has been supplied by Chloride Alcad and is being used in conjunction with a no-break power supply system put in by Anton Piller at the National Westminster Bank computer centre at Kegworth in Leicestershire.

The battery is used in a parallel/redundant mode—it is normally on charge across the supply to the computer but if the mains fails the battery supplies the power until auxiliary generators can be brought on to full load.

Made from Alcad's open pocket plate cells, the giant nickel cadmium battery stands 2.5 metres tall, occupies 32 sq metres of floor space and weighs about 20 tonnes.

Chloride Alcad have only made one other bigger battery, used for a similar purpose on a North Sea oil platform.

The whole power system for Natwest has cost about £0.5m, the battery accounting for about 20 per cent of the money spent. The supply voltage will be smooth and spike-free and when called upon the battery will supply the computer complex for five minutes.

● RESEARCH

Performance of ropes

A GRANT of £65,000 to investigate better design procedures for ropes has been awarded to a University of Manchester Institute of Science and Technology research team led by Professor John Hearle, of Textile Technology, and Dr. C. M. Leech, of Mechanical Engineering.

They will look into the mechanics of flexing, twisting and stretching synthetic ropes and cables with the object of predicting performance and improving designs for specific purposes.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

BASE LENDING RATES

A.B.N. Bank	16 %
Allied Irish Bank	16 %
American Express Bk.	16 %
Amro Bank	16 %
Henry Ansbacher	16 %
A P Bank Ltd.	16 %
■ Arbuthnot Latham	16 %
Associates Cap. Corp.	16 %
Banco de Bilbao	16 %
Bank of Credit & Cmce.	16 %
Bank of Cyprus	16 %
Bank of N.S.W.	16 %
Banque Belge Ltd.	16 %
Banque du Rhone et de la Tamise S.A.	16½ %
Barclays Bank	16 %
Bremar Holdings Ltd.	17 %
Brit. Bank of Mid. East	16 %
■ Brown Shipley	16 %
Canada Perm't Trust	17 %
Cayzer Ltd.	16 %
Cedar Holdings	17 %
■ Charterhouse Japhet	16 %
Choulartons	16 %
C. E. Coates	16 %
Consolidated Credits	16 %
Co-operative Bank	*16 %
Corinthian Secs.	16 %
The Cyprus Popular Bk.	16 %
Duncan Lawrie	16 %
Eagil Trust	16 %
E. T. Trust Limited	15½ %
First Nat. Fin. Corp.	19 %
First Nat. Secs. Ltd.	19 %
Robert Fraser	16 %
Antony Gibbs	16 %
Greyhound Guaranty	16 %
Grindlays Bank	‡16 %
■ Guinness Mahon	16 %
■ Hambros Bank	16 %
■ Hill Samuel	§16 %
C. Hoare & Co.	†16 %
Hongkong & Shanghai	16 %
Industrial Bk. of Scot.	16½ %
Keyser Ullmann	16 %
Knowsley & Co. Ltd.	18 %
Langris Trust Ltd.	16 %
Lloyds Bank	16 %
Edward Manson & Co.	17 %
Midland Bank	16 %
■ Samuel Montagu	16 %
■ Morgan Grenfell	16 %
National Westminster	16 %
Norwich General Trust	16 %
P. S. Refson & Co.	16 %
Rossminster	16 %
Ryl. Bk. Canada (Ldn.)	16 %
Schlesinger Limited	16 %
E. S. Schwab	16 %
Security Trust Co. Ltd.	17 %
Standard Chartered	16 %
Trade Dev. Bank	16 %
Trustee Savings Bank	16 %
Twentieth Century Bk.	16 %
United Bank of Kuwait	16 %
Whiteaway Laidlaw	16½ %
Williams & Glyn's	16 %
Wintrust Secs. Ltd.	16 %
Yorkshire Bank	16 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%. 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

LOMBARD

Facing reality is no U-turn

BY ANATOLE KALETSKY

AN unpleasant authoritarian ring enters Mrs. Thatcher's voice when she asserts, as she did in last week's "no confidence" debate, that "it is no good dreaming about U-turns—there aren't any available." One must allow for an element of poetic licence in any Prime Minister's speeches, so it would be unfair to accuse Mrs. Thatcher of trying deliberately to mislead the nation about the existence of alternative economic policies.

Everybody understands that when she talks of the impossibility of U-turns, she is not making a statement about the real world, or even about economic theory, but about her own state of mind.

It is this refusal to contemplate seriously any proposals which could be interpreted as deviations from the chosen course—even suggestions put forward in a constructive and helpful spirit—that sometimes make the Thatcher Government appear like a committee of sincere and learned Jesuits, engaged in abstruse disputations about the nature of True Faith.

Indissoluble

Unfortunately not only the Government, but also the Opposition, the Trade Union movement and employers' organisations seem to have been persuaded by the dogma that the Prime Minister's policies constitute an indissoluble unity, which has to be accepted or rejected *in toto.*

In fact, however, the Thatcher strategy can be resolved into several quite distinct components: bringing down inflation, improving industrial productivity, releasing market forces, cutting public spending, and shifting the burden of tax from income to expenditure so as to increase incentives. The ultimate aim, of course, is to raise national income.

Now the official Party Line is that these policies must stand or fall together. There can be no lasting reduction in inflation or increase in prosperity without improvements in productivity. These in turn, will come only when market forces are unleashed, when incentives to work are increased and when the all-pervasive influence of the State is reduced.

When one looks at the long-term development of the economy there are some fairly plausible (though by no means conclusive) arguments to suggest that the links postulated in this monolithic view of the economic strategy may, in fact, exist. However, in the medium term (and this means several years, at least), all the evidence of experience and commonsense indicates that, far from reinforcing one another, several of the strands in the strategy are mutually contradictory. Using higher nationalised industry charges and Value Added Tax to finance cuts in income tax inevitably increases prices—and rising prices aggravate inflation.

A deeper contradiction arises between the need to increase manufacturing productivity and the policy of cutting public sector employment; which, in the past and in most other countries, has taken up part of the surplus labour shed by the manufacturing sector. At the same time, the possibility of assisting industries to adjust rapidly to the stringent circumstances created by the combination of North Sea oil and a tough anti-inflationary monetary policy, conflicts with the desire not to interfere with market forces. The signs of a more pragmatic attitude towards industrial aid which have emerged in the past few weeks, suggest that the Government is at last beginning to realise that its commitments to untramelled *laissez faire*, to industrial regeneration and to anti-inflation policy may at times be incompatible.

Flexibility

But politicians in both parties who conclude from this sort of trimming that a U-turn in the Government's basic monetary policy is about to take place are victims of the Government's own confusions. An unwavering anti-inflation policy, based on strict monetary targets, could be reinforced, rather than weakened, by a more gradual and less unyielding attitude to change in both the private and the public sectors. By showing more flexibility in its doctrines on taxation, public borrowing and non-intervention, the Government could yet come up with a coherent and socially tolerable policy against both inflation and unemployment.

The Iranian expatriate and a $5m loan

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE JUDGE was in two minds whether to allow Mr. Rahim Mottaghi Irvani to defend an application* made by American Express International Banking Corporation for a summary judgment under Order 14 of the Rules of the Supreme Court. Such an application must be well documented, and American Express submitted ample evidence that Mr. Irvani guaranteed a loan of $5m which it provided for the re-equipment of one of his factories in Iran.

Nationalised

This was operated by the Rakhshan Leather Company, said to be one of the largest leather finshing factories in the world. However, together with the rest of his Iranian assets, estimated at $24m, this enterprise was nationalised, and Mr. Irvani moved to London. There is no doubt that when he furnished the personal guarantee to American Express in December, 1977, he was in full control of his considerable Iranian assets. But these are now lost to him, and Mr. Irvani states that he has no assets outside Iran.

To be able to ward off a summary judgment under Order 14, the defendant must first convince the court that he has some real defence which is worth a trial. Mr. Justice Lloyd listened to the inventive advocacy of Mr. P. D. J. Scott, QC, with obvious sympathy for Mr. Irvani's predicament. But the various defences submitted were like matches quickly extinguished in a draughty tunnel until, in the end, a dim light appeared.

The first argument advanced on Mr. Irvani's behalf was that it was an implied term of the guarantee agreement that American Express would look only to his assets in Iran as security, and not seek to enforce the guarantee elsewhere. The loan was provided, and the guarantee accepted, only after American Express received a list of assets, and it was clear that all these were located in Iran. "As to that," said the judge, "it is sufficient for me to say that the fact, if it be a fact, that the defendant's only assets were in Iran, does not give rise and cannot give rise to any implication preventing the plaintiffs from seeking to enforce the guarantee elsewhere." Thus was the first match quickly extinguished.

The second match lit by Mr. Scott was designed to illuminate the extremely complicated U.S. regulations connected with the freezing of Iranian assets. American Express currently holds in New York assets for various Iranian banks amounting to over $6m and has also attached other assets in New York amounting to a further $50m.

It was argued on behalf of Mr. Irvani that the regulations oblige American creditors to act in a businesslike manner in exercising any rights when payments are overdue. American Express should, therefore, in the first instance sue his former Iranian enterprise which is now owned by the state and recoup the money from the assets frozen in New York.

The judge was not impressed. "Assuming there is a duty on the plaintiffs to sue Rakhshan, I cannot see how it can be said, if indeed it is said, that that is a duty which is owed to Mr. Irvani," he commented.

As to the other connected argument that American Express has, in fact, been fully repaid by the Iranian assets which it holds or has attached, this too failed since the American regulations do not allow any automatic offset at present.

The final defence which at the end of the day saved Mr. Irvani from a summary judgment for the guaranteed amount plus interest ($5.6m) was connected with the fact that the loan, though negotiated on behalf of the Rakhshan Leather Company, was concluded in the name of a shell company owned by Mr. Irvani in Germany, and called Gerberei Bedarf GmbH. There was much discussion and evidence intended to prove that this was done to avoid Iranian foreign exchange regulations.

However, a letter written at the time by the American Express representative in Tehran to his New York headquarters provided very strong evidence that the main intention in switching the loan at the last minute to the German company was not an attempt to evade exchange control regulations, but rather to benefit from the lower rate of withholding tax applicable under the tax treaty between Germany and Iran.

At this point the judge concluded that there was no arguable issue that the plaintiff entered into the loan with the intention of evading Iranian exchange control legislation. However, the defence counsel would not admit defeat. Even though there may have been no intention of avoiding exchange control, he said, the contract was, in fact, in breach of Iranian exchange control legislation, and — here came the light at the end of the tunnel —to enforce it would be contrary to Article 8, Section 2 (b) of the Bretton Woods Agreement. This provides: "Exchange contracts which involve the currency of any member, and which are contrary to the exchange control regulations of that member maintained or imposed consistently with this agreement, shall be unenforceable in the territories of any member. . . ."

The judge wondered whether a commercial loan is an "exchange contract." It would not be in English law because of the principles stated by Lord Denning, M.R., in *Wilson, Smithett and Cope Ltd. v. Terruzzi.*** But that case concerned a contract for the sale of commodities, and Mr. Scott argued that the precedent did not apply to a loan.

The judge did not agree with him, but found it unnecessary to say more because the present contract was not governed by English law but by the law of New York. No evidence was produced that under New York law a loan contract is not an "exchange contract" in the meaning of Article 8 of the Bretton Woods Agreement. The point was touched on in the case of *Banco do Brasil S.A. v. A.C. Israel Commodity Co. Inc.*†. There the majority of the court favoured the narrower construction as did also the English Court of Appeal in Terruzzi, but the point was left open.

For a time it seemed that this tiny ray of hope would not be sufficient for Mr. Irvani to succeed. The judge had evidently serious doubts whether the contract fell within Article 8 of the Bretton Woods Agreement. Moreover, he was suspicious whether there ever were, at the material time, any relevant Iranian exchange regulations at all. No document to that effect was produced in the court, but Mr. Scott persuaded him that there was just enough in the Bretton Woods point to prevail against a summary judgment in favour of American Express.

Condition

In the end, Mr. Justice Lloyd gave Mr. Irvani leave to defend, but only on conditions that he provided security, the amount to be decided after further evidence. It will be a difficult task for the court to fix an amount big enough to reflect the size of the claim, but not too big to deprive the defendant of the possibility to make use of the hard won permission to defend the case.

* *American Express International Banking v. Rahim Mottaghi Irvani, High Court, London, Q.B. Commercial Court, Judgment July 23, 1980 unreported.*

** *(1976) 1 Q.B. 683.*

† *12 N.Y. 2d 371 (1936).*

House Guard is Piggott's hope

RACING

BY DOMINIC WIGAN

HOUSE GUARD, a horse trained by Robert Armstrong with which his brother-in-law Lester Piggott has a remarkable understanding, is currently attracting plenty of speculation.

He is all the rage for the William Hill Gold Cup at Redcar on Saturday and according to David Stevenson, vice-president of the New York Racing Association, an almost certain starter for the 10-furlong Manhattan handicap at Belmont in six weeks' time.

Eighteen remain in the Redcar handicap but a number of those have alternative engagements over the next week or so and it could well be that the race will cut up.

Irrespective of the size of the field, House Guard is likely to start favourite, provided that Piggott decides to make the trip north and the ground does not come up soft.

A year ago, Portese won the 21st running of the sponsored race which fell to Armstrong's father and Piggott in 1970 when Lord Gayle landed a major gamble. House Guard, a 9-1 chance with Hills, shortened three points with Mecca yesterday to 7-1 and also had his odds trimmed by Ladbrokes.

Ladbrokes reports steady backing for Atlantic Boy, a fast improving colt near the foot of the Redcar handicap. The interest in the son of Busted seems totally justified.

Atlantic Boy is a late developing sort and found few problems in defying 9 st 6 lbs in the £5,000 Welbred Handicap at York last month.

Anyone contemplating a visit to the North Yorkshire track may be further encouraged by the news that Saturday features the most prize money for a day at Redcar, as well as Sea Pigeon's attempt to land a third Vaux Breweries Gold Tankard in four years.

On the corresponding afternoon a year ago, the market leaders and second favourites enjoyed a clean sweep at Yarmouth and again it looks like being a punters' card.

BRIGHTON

2.00—Longgoe
3.00—Denmore
4.00—Galaxy Capricorn**
4.30—Steel Charger

YARMOUTH

2.15—Sainera
4.15—The Thatcher***
4.45—Sashka*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.55 Noah and Nelly in Skylark. 10.00 Jackanory. 10.15 Cheggers Plays Pop. 10.35 Why Don't You. 11.25 Cricket—Fifth Test: England v West Indies. 1.30 pm Mister Men. 1.45 News. 2.30 Eisteddfod Dyffryn Lliw: The Eisteddfod Chair—the major poetry prize. 4.13 Regional News for England (except London). 4.15 Play School (as BBC2 at 11.00 am). 4.40 Singing, Ringing Tree. 5.00 John Craven's Newsround. 5.10 We are the Champions. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South East only).
6.25 Dr. Who.
6.50 Looking Good, Feeling Fit.
7.25 Top of the Pops.
8.05 Taxi.
8.30 Last of the Summer Wine.
9.00 News.
9.25 The Assassination Run by Jack Gerson, part 1.
10.35 All About Books with Russell Harty.
11.10 Jack Warner in "The Old Boy Network."
11.50 News Headlines, Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—5.55 pm Wales Today. 6.20 Newyddion. 6.30 Bugs Bunny. 6.35-7.25 But Still We Sing. 9.25 Eisteddfod Dyffryn Lliw: Pigien y Dydd. 10.20-11.10 I Have Seen Yesterday. 11.50 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.25 Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.25 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.25 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Playschool.
2.05 pm Cricket—Fifth Test: England v West Indies.
6.35 Open University.
7.00 Dallas.
7.50 Mid-Evening News including sub-titles.
8.00 Small World.
8.10 Horizon.
9.00 Call My Bluff.
9.30 Inside Story: Prostitution—could brothels ever become legal in Britain?
10.45 Newsnight.
11.30 Cricket: Fifth Test highlights.

LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 The World We Live In. 10.50 Mystery Island. 11.05 Wild Canada. 11.55 The Animates. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Send in the Girls. 3.45 Meet Paul McCartney: Tim Rice talks to Paul McCartney about his latest album "McCartney II." 4.15 Project UFO. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.30 An Exceptional Child.
7.00 Charlie's Angels.
8.00 The Cuckoo Waltz.
8.30 This England.
9.00 Edward and Mrs. Simpson.
10.00 News.
10.30 Song and Dance: "A Ballet to Benjamin. Britten's 'Friday Afternoons'."
11.00 Jack on the Box.
11.30 Lou Grant.
12.25 am What the Papers Say.
12.40 Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:

ANGLIA

10.25 am Friends of my Friends. 10.50 Redgauntlet. 11.20 Words and Music. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 3.45 Looks Familiar. 4.15 The Bubblies. 4.20 Tarzan. 5.15 Bygones. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 B. J. and the Bear. 10.30 The Brian Connell Interviews: Sir John Tooley, General Administrator of the Royal Opera House, Covent Garden. 11.30 The Prime of Miss Jean Brodie. 12.30 am The Living Word.

ATV

10.25 am The 1980 Butlin's Grand Masters Darts Championship. 10.50 Chopper Squad. 11.40 The Undersea Adventures of Captain Nemo. 11.45 Here Comes Mumfie. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 3.45 Looks Familiar. 4.15 The ATV Thursday Picture Show: "The Blue Bird," starring Shirley Temple. 6.00 ATV Today. 6.35 Crossroads. 10.30 Jack on the Box. 11.00 ATV Newsdesk. 11.05 The Prime of Miss Jean Brodie.

BORDER

10.25 am Sounds of Summer. 10.50 Documentary (the Atlantic Coast). 11.15 Look Who's Talking (Derek Batey talks to Arthur Askey). 11.40 Clue Club. 1.20 pm Border News. 3.45 Looks Familiar. 4.15 Salvage One. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 The Plank. 7.30 Hawaii Five-O. 10.30 Jack on the Box. 11.00 Soap. 11.30 Vegas. 12.25 am Border News Summary.

GRAMPIAN

9.25 am First Thing. 10.25 Sounds of Summer (Catherine Howe). 10.50 Documentary (Atlantic Coast). 11.15 Look Who's Talking (Arthur Askey). 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 North News. 3.45 Looks Familiar. 5.10 Struck by Lightning. 5.40 Police News. 6.00 North News. 6.10 Anna and the King. 6.35 Crossroads. 7.00 Fiddle and Box. 7.30 Balancing Acts. 10.30 Jack on the Box. 11.00 Reflections. 11.05 Soap. 11.35 North Headlines. 11.40 Sounds Gaelic.

GRANADA

10.25 am The Lost Islands. 10.50 Look at Life. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 3.45 Stars on Ice. 4.15 Little House on the Prairie. 5.15 University Challenge. 6.00 Granada Reports News. 6.05 Time Off. 6.30 This is Your Right. 6.35 Looks Familiar. 7.05 B. J. and the Bear. 10.30 Out of Silence. 11.00 And the Band Played On. 11.30 What the Papers Say, presented by Russell Davies of the Sunday Times. 11.45 Jack on the Box.

HTV

10.30 am Moynihan. 11.20 Clapperboard. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Report West Headlines. 3.45 Cabbages and Kings. 4.15 Salvage One. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 The Incredible Hulk. 10.28 HTV News. 10.35 Cinema Club.

HTV CYMRU/WALES—As HTV West/HTV General Service except: 10.30 am Clapperboard. 11.00 Eisteddfod Genedlaethol 1980. 12.00-12.10 pm Fflatabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 2.25-3.45 The Royal National Eisteddfod of Wales. 4.15 The Latchkey Children. 4.45 SER. 5.15-5.20 Cartoon Time. 6.00 Y Dydd yn y Brifwyl. 6.15 Report Wales. 6.30-7.00 Eisteddfod Genedlaethol 1980.

SCOTTISH

10.25 am Sounds of Summer — Catherine Howe. 10.50 Documentary. 11.15 Look Who's Talking—Derek Batey with Arthur Askey. 11.45 Sally and Jake. 12.30 pm About Gaelic. 1.20 News Headlines. 3.45 Looks Familiar. 4.15 Popeye. 4.25 Salvage One. 5.15 Crossroads. 6.00 Scotland Today News and High Summer Extra. 6.30 Down to Earth. 7.00 Doctor Down Under. 7.30 Thingummyjig. 10.30 Soap. 11.00 The Jazz Series—Ronnie Scott Quartet, with Buddy De Franco and Terry Gibbs. 11.30 Big Break International. 12.10 am Late Call.

SOUTHERN

10.25 am "Four Against the Desert," starring Jon Pertwee. 12.30 pm Against the Wind. 1.20 Southern News. 3.45 Looks Familiar. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 A Man Called Sloane. 10.35 Theatre in Camera: "Il Balle Delle Ingrate" (opera-ballet by Monteverdi). 11.35 Jack on the Box. 12.05 am What the Papers Say.

TYNE TEES

9.20 am The Good Word, followed by North East News. 10.20 The White Stone. †10.45 Morning Movie: "Bulldog Jack," starring Jack Hulbert and Ralph Richardson. 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 4.15 Dog Wonder Dynomutt. 4.45 Salvage One. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Fantasy Island. 10.30 North East News. 10.32 Alright Now. 11.08 Check It Out. 11.30 Have Girls Will Travel. 12.30 am Coming to Terms.

ULSTER

10.25 am The Sounds of Summer. 10.50 About Britain. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Out of Town. 7.00 Fantasy Island. 10.29 Ulster Weather. 10.30 Let the Music Take You. 11.00 Soap. 11.30 Jack on the Box. 12.00 Bedtime.

WESTWARD

10.25 am Sounds of Summer (Catherine Howe). 10.50 About Britain (the Atlantic Coast). 11.15 Look Who's Talking (Arthur Askey). 11.40 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Westward News Headlines. 3.45 Looks Familiar. 4.15 Gus Honeybun's Birthdays. 4.18 Little House on the Prairie. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Encounter. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.36 Soap. 11.05 Summer of '80. 11.30 Pro-Celebrity Darts. 12.00 Barney Miller. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

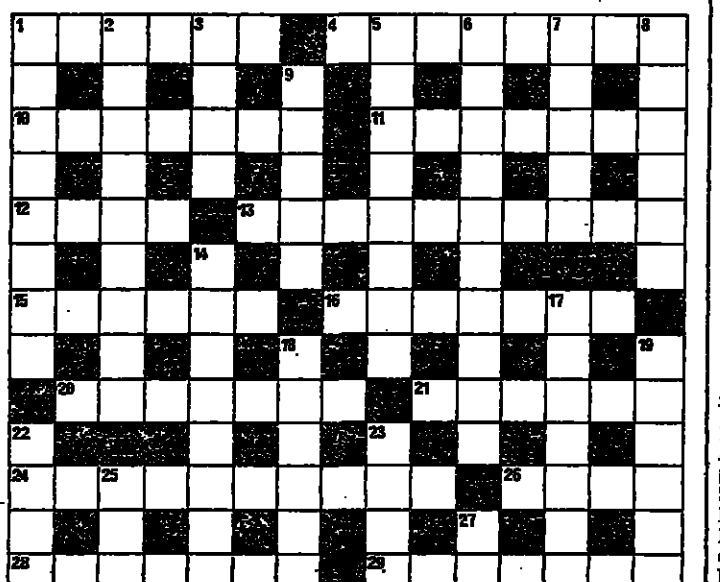
10.25 am Space Ghost and Dino Boy. 10.50 The Lost Islands. 11.10 Space 1999. 12.30 pm Tell Me Another. 1.20 Calendar News. 3.45 Looks Familiar. 4.15 Wheelie and the Chopper Bunch. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 A Man Called Sloane. 10.30 Doctor Down Under. 11.30 Kaz.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Tony Blackburn with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.02 25 Years of Rock. ...

F.T. CROSSWORD PUZZLE No. 4,342



ACROSS

1 Club for a G.P. with a place in Bucks (6)
4 A hot spell—at the hairdresser's? (4, 4)
10 Involves salient reform (7)
11 "I'll—you with thievery" (Timon of Athens) (7)
12 Bob finds refuge in the island (4)
13 Nevertheless there is no change (3, 3, 4)
15 Unfortunate alibi offered by the loser (2, 4)
16 A little car for mother—it is the least we can do (7)
20 Composition to preserve the ancient city or the southern star (7)
21 Call to the faithful from Rome (6)
24 Not the celebration favoured by Women's Lib. (1, 4, 5)
26 Novel heroine follows Pip in signal fashion (4)
28 Excitedly scored by composer (7)
29 People in Jerusalem make up to the detective writer (7)
30 Request to have a bite in the lobby (8)
31 Snow Queen's beauty consultant (6)

DOWN

1 It's up for the party, down for the reprimand (8)
2 Among other things ILEA train differently (5, 4)
3 Put out when the tide rises (4)
5 To choose the Irish Police might be shocking (8)
6 The blows of commerce (5, 5)
7 First the Greeks had a word for it (5)
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9 A song for Sarah in the afternoon (5)
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17 We find strange arms in our constellation (4, 5)
18 Upset about the sailor?—change course (3, 5)
19 Fee paid to secure a faithful servant (8)
22 Handle husband (6)
23 Good man has upset store secretly (5)
25 Infection isn't commonly started by tea (5)
27 African warriors found among Muslim pilgrims (4)

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THE ARTS

Natalya Makarova and Anthony Dowell Leonard Burt

Covent Garden

A Month in the Country

by CLEMENT CRISP

What Natalya Makarova brings to the heroine of *A Month in the Country* is an understanding of the essential *Russian-ness of Turgeneyev's* world, which is also Ashton's world in this skilled realisation of the play. To her, as a properly educated graduate of the Kirov school, the characters are clearly familiar: thus her Natalya Petrovna acquires an authenticity of utterance that is stylistically right for reasons that reach beyond the ballet, and thereby further enrich it. She shows us something very true about Turgenyev's Natalya: a woman bored, caught in a last impulsive *liaison, but also a woman* who is mistress of a household, a wife and mother, spoiled, and spoiling for emotional trouble.

Physically the image is lightly drawn at first—how delicately she presents herself in the initial solo—but we are made aware more clearly than even before of the depth of the previous relationship with Rakitin in the way she dares *play with his feelings for her.*

Rakitin seems a crucial figure for Makarova: her avowal to him of her infatuation for Belyayev has the intensity of *Phèdre's C'est toi qui l'as nommé* to Oenone. Makarova's gradual tightening of the dramatic tension—the scene with Vera done with barely controlled nervous anger — breaks with superb effect in the duet Belyayev (Anthony Dowell) to the *andante spianato.*

Here Makarova floats, drifts, yields, and the tracery of *pas de bourrée* as Dowell guides her forward was exquisite in physical as i ndramatic outline. The sudden change when Vera summons the household and Natalya Petrovna must somehow restore some emotional order was shown with an almost desperate intensity. The final moments, when she has found the rose Belyayev has left for her, are made by *Makarova to seem like a farewell* to youth itself. The performance, in sum, was a superlative display of dance acting, with dance and drama made one, and beautiful.

A second look at *Rhapsody,* also in Tuesday night's bill, confirms the extreme musical sensitivity of Ashton's response to Rahkmaninov's variations (which he briefly used once before in a film for Moira Shearer: *Three Loves).* The brevity of the theme and of most of the variations makes *for short bursts of dange* activity which Ashton has welded into a larger structure. He has given the piece a momentum, starting with brilliant display for Baryshnikov, which carries the choreographic interest serenely over the changes of mood—though without disregarding them. And at every moment the dance seems to spring most happily from the score: amazing a bounding entry for Baryshnikov in which he intersperses jumps with gestures that suggest great *gasps for air; dazzling the solo* for Lesley Collier in which tiny steps seem to fly like sparks from her feet.

About the design I am less than happy: *there seems* altogether too much glitter about the costumes, and little gold chokers and sparkling knicknackery on the men's outfits (and some extravagances with eye make-up) look altogether too fancy.

I must also make my apologies to the orchestra of the Sadler's Wells Royal Ballet whose playing I praised in Tuesday's notice, while attributing it incorrectly to the resident Opera House musicians. The fault was mine, the *merit the SWRB players, as we* heard again on Tuesday night.

'Treasures from Chatsworth'

An exhibition, "Treasures from Chatsworth: The Devonshire Inheritance" will take place in the Royal Academy, Burlington House, from November 1 for ten weeks.

The exhibition, which contains 200 magnificent treasures, most of which can only be seen together under the special conditions of a loan exhibition, has been planned for some time but was not financially viable without Government indemnity and sponsorship from Shell UK, Christie's and The Daily Telegraph.

The exhibition shows the growth of a collection through successive generations of the Dukes of Devonshire. It will contain outstanding old master paintings, furniture, gold and silver, firearms, gems and jewellery, porcelain and objects d'art, rare books, letters and manuscripts.

Munich Festival

Tristan und Isolde

by MAX LOPPERT

Nineteen-eighty is *Wittelsbacher-Jahr:* all over Munich, in exhibitions and civic commemorations, the 800th anniversary of the founding of the Bavarian royal line is being celebrated. This has been reflected in the programme of the Munich Opera Festival: in the Cuvilliés Theatre a *Festa teatrale* from the court of Max Emanuel alternates with the Ponnelle production of *La clemenza di Tito.* In the big theatre, while nothing so rare has been attempted in the schedule, an all-pervasive German flavour is to be detected. This year's new productions are of *Tristan* and Strauss' *Feuersnot;* a concert performance of Wolf's *Corregidor* and a revival of the 1979 staging of Pfitzner's *Palestrina* are the notable points of interest in a bill of fare that has also offered *Fidelio, Die Meistersinger,* more Strauss *(Rosenkavalier, Ariadne), Die Entführung,* an Orff double bill, *Judas Maccabäus, Iphigenie auf Tauris,* and Reimann's *Lear.* Everything—Handel and Gluck included — sung in German: *Die hohe, deutsche Kunst,* indeed!

My four-day visit afforded a nourishing draft of *Tristan, Feuersnot, Corregidor* and *Palestrina.* As the latter three, direct Wagnerian decendants all, group themselves naturally together, a *further report* will be needed to describe their Munich performances. The new *Tristan,* which might have served not only as a truly festive revival in the city where the work was first performed, but also as illumination of the artistic soil from which Wolf, Strauss, and Pfitzner sprang, stimulated no such fruitful perceptions or *crosscurrents. The lesson there*from, rather, was one contemporary Wagner producers and designers are teaching audiences with unhappy determination these days: that only a musical performance of sound purpose and sturdy facture can survive the concurrence of visual and dramatic stupidity. The production by August Everding was given in the ugly, *incoherent,* and often simply risible designs of Herbert Kapplmüller; yet, as conducted by Wolfgang Sawallisch and as sung by Ingrid Bjoner, Spas Wenkoff, Theo Adam, and Livia Budai, the music rose with noble disdain above the collective foibles and follies pressed upon the drama.

How disheartening, all the same, to be so often constrained to write of Wagner productions in this way! Act 1 was played in a ship that combined medieval costume with the artefacts (venetian blinds, electric lights, passages and steps) of a 20th century ocean liner. Act 2 opened before a collage of giant wooden logs (these provided a visual *leitmotiv* in each act) broken by a spiral fire-escape and decorated by banks of massed candles; *these fell away to* reveal a hillock improbably covered with large red flowers through which Tristan tripped to reach Isolde; when the love duet reached its climax, the lighting suddenly bathed the *scene in an infertile shade of* brown and Marke entered with a black-helmeted military cohort who fringed the circumference of the stage. Act 3 took place on the sea-shingle, Tristan placed among three-armed plastic bollarsd by the water's edge, stuffed sheep motionless in the distance; to topography of the stage suggested that the lovers achieved their final embrace while paddling in the shallows. The lighting, mostly in direct contradiction of Wagner's carefully formulated plan, was here nocturnal, "O diese Sonne!" notwithstanding.

In the interests of reportage I have undertaken this summary description of the setting; but I will not dignify it with investigation of any kind, for clearly, its inspiration was too distant from Wagner's and its consequence too uninteresting in perversity, to bear discussion. It all meant nothing. A subordinate cause for relief, if not approval, was that the *major* actions of the characters were neither altered nor continuously impeded: within this unworthy frame Everding's production seemed acceptable, even sensible, though one tended to allot any praise for idiomatic characterisation to players of long practice in their roles.

A side-effect of the visual ineptitude is that eye and ear were encouraged to concentrate on the singers with added intensity. They supported the burden; it was not an ideal cast, but it disclosed substantial merits. The production had been mounted for the Isolde of Hildegard Behrens and the Tristan of Rene Kollo (who retired at a *late stage*). Bjoner, offered only a single festival engagement, showed that the role still belongs handsomely in her voice and person. She was, as Nordic sopranos often *manage to be,* at once grandly dignified and bitingly vehement in the storms of the first act: the tone was not sensual (and at force was apt to develop a heavy beat, though not to the point of obscuring pitch), yet the command of the line was gratifyingly heroic. She looked very well—womanly and generous, if not youthful, of feature. London has not heard or seen her on this form.

Wenkoff's Tristan, an appealing figure as ever, suffered in this house from the need for a more weighty projection than *he could always summon;* the voice remained compact (often very affecting within its restricted dimension), the words soft-edged and blurred. Livia Budai's Brangäne, strongly yet most sensitively outlined, also withheld verbal clarity—indeed, with a Norwegian princess, Hungarian maidservant and Bulgarian knight, it seemed that *his was not to be a perform*ance of finely shaded or nuanced declamation. Not, that is, until the entry of Theo Adam's magnificent Marke, proud, darkly sorrowing each phrase given high (but not narcissistic) finish, and voiced more solidly and steadily than one might have expected. Kurwenal was Hans Günter Nöcker—*something of a Spielbariton* in a part calling for fuller vocal resources, but alert, vivid, and well within his means.

I have not always admired Sawallisch's Wagner. Last year's *Meistersinger* pressed doubts home; and in this *Tristan* there were passages (the opening of Act 2 afforded a particular example) in which a kind of automatic haste and hustle seemed to descend on the performance, bringing in its train blasts of rackety, unblended orchestral tone. The Act 1 prelude reached for the opposite extreme, essaying rubato and ritenuto effects artificial—sounding because externally applied to the phrasing, not an inextricable part of its process of unfolding and flow. But as a whole it proved a keenly dramatic *Tristan,* alive to the merits of the singing, forward and direct in impact even if *never spellbindingly beautiful.* In the circumstances, such virtues as it displayed could only be received with wonder, and fervent gratitude.

Spas Wenkoff

Theatre Upstairs

Three More Sleepless Nights

by B. A. YOUNG

£2 a head for less than an hour of bedtime chat seems an extravagant rate, but that is what they charge at the Theatre Upstairs this week. The play is divided into three duologues. The first has Margaret rowing with her husband for boozing and infidelity, to which he replies rather feebly with an accusation that she fancies Charlie more than him. The *second shows* Pete boring Dawn to death, literally. While he tells her the plot of *Alien* she tries to explain how a voice in her head urges her to kill herself, and before *Alien* is over, she has opened a vein under the sheet with the knife he has brought for their midnight snack. In the third scene, Margaret has begun to accuse Pete (*not* Charlie as it happens) of seeing Dawn on the sly, and he has begun to tell her the plot of *Apocalypse Now.*

This is what happens when a place flatters itself that it is a "writers' theatre." Caryl Churchill writes good dialogue, creates good characters, understands the tensions that build up in bedrooms. Any of these three scenes would make an effective quarter-hour passage in a play. As self-contained entertainment, they are no more than scribbles on a notepad, and nothing that Jan Chappell, Fred Pearson, Kevin McNally or Harriet Walter, or for that matter their *director, Les* Waters, can do can make them any more.

Certainly in an ideal world there should be a place where *writers could see their exercises* produced; but it's asking rather a lot to charge the public £2 to see them.

Jan Chappell and Kevin McNally Leonard Burt

Open Air Theatre, Regent's Park

Androcles and the Lion

by MICHAEL COVENEY

Having been forced at school to plough through the phonetic version of Shaw's fable play I had cheerfully discarded it from memory. This spirited revival by Ian Talbot and Richard Digby Day—the first in the park since 1934—takes full advantage of its potential *as* pageant while at the same time doing full justice to its discussion of religious zeal.

Meek little henpecked Androcles plucks *a thorn from* the Lion's paw in the prologue and then reappears with a band of Christians en route for the Colosseum. There are various types of martyr *on parade:* the over-powerful Ferrovius who has renounced his own strength and grappled others to the Christian cause by unwitting intimidation: *the pure and* righteous Lavinia; the battered Spintho whose dreams of glory are gobbled up in a man-eating error before the actual fiesta: *and Androcles himself.*

The debate is well flighted and the reunion of Androcles and the Lion in the arena cleverly isolated by keeping the *audience outside the auditorium* and around the bars after the interval. For the majority of Act 2, then, we are backstage at the Colosseum, with Caesar and *company stomping* through the crowd while the martyrs argue their fears and determination to die. For good measure, we are invited to be both Christian and Roman: before returning to our seats, the night air throbbed with a surprisingly enthusiastic rendition of several favourite hymns.

A *good cast is led by Bernard* Bresslaw as Ferrovius, Chris Harris as a likeable Androcles, and Philippa Gail as a clear and forceful Lavinia. There is an excellent Lion by Stephen Bigden and an imposing, colourful Caesar from James Cairncross. One prominent Shavian dubbed the piece a religious pantomime. That is the spirit *in which* it is both played and accepted.

Puppets and masks by Jennifer Carey Leonard Burt

Exhibitions at the National

by B. A. YOUNG

In the first-floor foyer at the Lyttelton, you can see the exhibition of British theatre design that last year won (for the second time) the Golden Troika, *the first prize* at *the Prague* Quadriennale.

The exhibition was selected from a much bigger display by a panel which was concerned *only with merit and not at all* with prestige, so it contains work by young designers side-by-side with designs by well-known artists like Farrah (*Coriolanus* for the RSC) and John Bury (the great steam-engine from the National's *Strife*). There are costume drawings, too (my favourites are Alison Chitty's) and a selection of puppet design by Jennifer Carey and Ariane Gastambide.

Meanwhile in the foyer of the Olivier there is an exhibition *of photographs, sketches and* documents made by a group of British theatre designers and technicians who recently made a tour of China. Surprisingly, one thing that emerges from this is a similarity between Chinese and British theatre design. The interior of the First Western Avenue Theatre in Sian is basically little different from the Cottesloe, at any rate in the Cottesloe's current shape. *The exhibition* was opened with the assistance of some Tsingtao Beer (excellent) and a performance by the Leung's Lion Dance, one of the most delightful forms of street entertainment imaginable.

With two exhibitions in the front-of-house area, two street entertainments outside, and three working theatres, the National fulfils exactly the kind of function its designer and its tenants envisaged.

'Duet for One' at the Duke of York's

Ray Cooney will present *Duet For One* by Tom Kempinski at the Duke of York's Theatre on September 23. There will be previews from September 16. It stars Frances de la Tour and David de Keyser.

The play was first presented at the Bush Theatre last February.

FINANCIAL TIMES

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More freedom to invest

THERE IS MORE than meets the eye in the "modest but worthwhile" reforms in nationalised industry financing arrangements which the Government announced on Monday. The official view of the changes in the much-maligned cash-limits system and in the rules governing industrial borrowing from the National Loans Fund is that they amount to little more than a tidying-up operation.

A few blatant anomalies have been rectified. An element of flexibility has been introduced. Existing procedures have been clarified and formalised, but not altered significantly. The Treasury seems satisfied that it has conceded no major point of principle in its negotiations with the Nationalised Industries Chairmen's Group. Its grip over one of the largest and most controversial public spending programmes has not been weakened.

Cash limits

The two practical concessions which the Treasury has made are certainty sensible and unspectacular. It goes almost without saying that granting more freedom for the industries to shorten the maturity of their borrowing from the NLF is a desirable reform.

On cash limits, there will, from next year, be some scope for industries to carry over finance from one year to another. The leeway allowed—1 per cent of turnover plus capital spending — will not relieve the growing financial pressures which all the industries, including the profitable ones, are now experiencing. But it may help to ensure that some of this pressure leads to productivity improvements, rather than resulting merely in higher prices and reduced investment.

For example, in the case of the largest State corporation, the Post Office, the new rules, if they had been operating this year, would have permitted up to £55m of extra borrowing to be counted against next year's cash limit. This sum is about a quarter of what the Post Office will raise in the current year through the recently announced increase in telephone charges.

However, the essential objections against using cash limits on external financing as the prnicipal financial control over the nationalised industries remain. Firstly, external financing is a tiny residual difference between large and unpredictable figures. A small error in the assumptions used for forecasting turnover or capital spending will have a very large effect on the external financing requirement. Secondly, an over-run in cash limits due, perhaps to an excessive pay settlement, can still be compensated more easily by cutting investment or raising prices than by increasing productivity. Thirdly, annual cash targets place short-term constraints analogous to those imposed by a receiver, on the industries, despite the fact that all of them need to plan on a very long time scale and some of them are in fact extremely profitable.

It is because these fundamental flaws in the cash limits system remain that the nationalised industries themselves place much more emphasis on the less tangible concessions which they have wrested from the Government. For the first time the Treasury has published a fairly detailed statement of the theory upon which cash limits are set. This document states explicitly that cash limits will be "derived from the industries' medium-term objectives." They will allow for a level of "fixed investment not normally less than the level given interim approval in the previous year but which may be higher if the industry has demonstrated that a higher figure will earn the required rate of return." Furthermore, the Treasury has agreed to record the assumptions underlying the setting of cash limits and to leave these assumptions largely to the industries' judgment.

Unrealistic

It would be surprising if the nationalised industries did not now attempt to hold the Treasury as closely as possible to its statement of principles. The aim could be to persuade the Government to accept that if the Treasury forces unrealistic assumptions on to the industries, as part of an unsuccessful effort to influence the climate of wage negotiations, for example, then the Government, rather than the industries or their consumers, should pay for the mistake. Eventually, the Government may find that dealing with nationalised industries under these conditions is so uncomfortable that it may yet find a way of taking some or all of their investment out of its main definitions of public borrowing and spending.

Waiting for Trudeau

THE TRIUMPHANT victor of the Canadian election and the Quebec referendum is beginning to look a good deal more humdrum: Mr. Pierre Trudeau's Canadian Liberal Government has sent MPs on the summer holiday with very little concrete achievement to its credit.

The country's most pressing economic issue, the setting of a higher domestic oil price, has been deadlocked in an unresolved row with Alberta, the main producing Province. The impetus given to aspirations for constitutional reform by the defeat of Quebec separatism in the referendum there has slowed down: nothing of substance has been agreed. No budget has been tabled: the last one to be enacted dates back to 1978, something of a constitutional curiosity covered over with makeshift measures.

Parenthetically it may be added that foreign bankers have their own sad tale of woe. A reform of the regulatory Act which would permit them to set up as banks proper in Canada has been delayed once more. It should have been passed in 1976. Now it cannot get through before the autumn—if then.

Intervention

In his victorious campaign, Mr. Trudeau hinted at a more interventionist industrial policy, and especially at a more critical attitude towards direct foreign investment. Nothing has come of it so far—perhaps not entirely by accident.

As regards the economy at large, GNP (in constant prices) is stagnating this year and, with luck, will accelerate to a growth rate of 2 per cent next year. The slowdown has caused the visible trade surplus to rise to record heights: none the less, the current account will be in deficit by some C$5bn (about US$4.3bn) this year, mainly because of heavy capital service, with worse to come in 1981.

Yet medals usually have a reverse. The oil row has not been carried to extremes. Mr. Peter Lougheed, the self-assertive Premier of Alberta, which produces more than 85 per cent of Canada's oil, did unilaterally lift the price from C$14.75 to C$16.75 a barrel on August 1—an amount which Ottawa could accept. He is threatening to move again on October 1—which gives time for manoeuvre, but also for another row. There is a wide gap to bridge between his idea of an oil price of C$37.25 by 1984 (at which level he will still be giving Canadian consumers an advantage) and Mr. Trudeau's figure of C$27.50.

A balance clearly does need to be struck between the interests of producers and consumers, in the first place the hard pressed manufacturing industries of Ontario. Six years ago another Trudeau Government planned to let the oil price rise towards world levels, when the climate was more favourable than now. But somehow the world price always seemed to be quicker.

In the meantime the need to subsidise imported oil is disrupting Federal finances: the bill is about C$4bn a year, and rising. Besides, the low domestic price discourages conservation and the opening up of new, especially unconventional, sources of Canadian oil.

Mr. Lougheed says he will not co-operate in constitutional reform until the energy argument is solved. But the caution of his move on August 1 does show his appreciation of the workings of federalism. Its processes are slow and rely heavily on give and take between the various levels of government. Mr. Trudeau has proclaimed his aim of having a new constitution, which fundamentally means a redefinition of the powers of the provinces, by July 1 next. That target always has looked impossible since the Provinces in law and in fact have the power of veto.

Firm base

Until a solution of the oil problem has made possible a proper budget, after all the key to economic policy, it is hard to guess the future course of the economy. But in general, events in the neighbouring U.S. are crucial to Canadian business, and the word from there is that the recession may be shorter than expected. If so, Canada stands to benefit because of its firm resource base, especially metals and forest products (not to mention an energy surplus, despite the need to import oil). That may explain the ofstinate refusal of the Canadian equity market to share the gloom of the forecasters.

Financial futures come of age on Wall Street

BY DAVID LASCELLES IN NEW YORK

A dummy run on the NYFE before today's opening

FINANCIAL FUTURES are a little like that other American wonder, the microchip. Rarely are they out of the news. But what would you do with one if it arrived in the post.

Well, today, you could celebrate its coming of age. At the stroke of a bell at 9 am, financial futures make their formal Wall Street debut on a brand new trading floor on the corner of Broad Street. Their home is to be known as the New York Futures Exchange, or NYFE (already nicknamed The Knife), set up as a subsidiary of the New York Stock Exchange.

The fanfare greeting the event may come as a surprise to people who thought — rightly — that financial futures had been around for some time. But until today, they were always traded on commodity exchanges, mainly in Chicago where they originated, and more recently on the New York Commodity Exchange (Comex) at the foot of the World Trade Centre.

However, their appearance on Wall Street does not just mark another stage in their eastward journey (which will, in all probability, take them to London before long). It also symbolises their formal acceptance by the U.S. financial community, alongside bonds, shares and all the other devices Wall Street uses to store and make money.

But though banks, brokers, portfolio managers, corporate treasurers and even cautious pension funds now make use of them, it has taken financial futures a long time — more than eight years — to achive the status of a recognised Wall Street financial tool.

For one thing, their birth amid the soya bean and frozen chicken pits on Chicago's tumultuous commodity exchanges did not exactly enhance their early appeal. For another, financial futures are, by any standard, hard to understand because they draw together three quite different, and intricate, markets: commodity futures, fixed income and foreign exchange.

But thanks to some vigorous promotion by the Chicago exchanges (and latterly New York too) resistance and incomprehension began to melt away in the late 1970s. Trading really took off in the last two or three years as the investment community perceived that financial futures could serve a genuine need, a need heightened by the recent volatility of interest rates and currencies.

Financial futures come in two forms: interest rates and foreign currency. Both are principally a means for businessmen or investors to hedge against unfavourable movements in the credit or foreign exchange markets. However, there is also a large speculative element to the trading

They are principally a means to hedge against unfavourable movements

An interest rate future consists of a contract to buy (or sell) a given amount of a particular type of fixed income security (bonds, treasury bills, even mortgages) for an agreed price at some future date. The value of the securities covered by the contract is susceptible to changes in interest rates between the time the contract is struck and delivery is made, which could be a year or more, though one to six months is more common. If rates go up, the value goes down, and vice versa.

The full price of the contract is not paid until it matures, though the buyer must put up a small percentage of the value of the contract as a "performance bond" or margin on a scale set by the individual exchanges. Thus, for a relatively small outlay, a speculator or hedger can control a large amount of securities.

An investor who anticipates a decline in interest rates buys into the market, gambling that the value of his contracts will rise above the agreed price by the time he comes to pay for it. He then sells for a profit in what is termed a "long" hedge.

Alternatively, a hedger can anticipate a rise in interest rates by selling a contract "short," that is before he has actually bought it. In this case rising rates will depress the value of the contract and allow him to buy it for delivery at a lower price than he sold it for.

A pension fund manager might make a "long hedge" when he knows he will have $1m to invest in fixed income securities in three months' time, but fears that interest rates will decline in the meantime and push up bond prices. He can buy a three-month futures contract for an equivalent amount of securities and, if rates move as he expects, reap a tidy profit on the sale of the contract later on. He can then add this to the $1m and offset the rise in prices.

In a "short hedge" a bond dealer with $1m of Treasury bonds which he wants to hold on to for the time being, fearing that interest rates will rise, can sell an equivalent amount of bond futures. If rates do rise, he can cover his position at a lower price and make a profit on delivery which will offset his loss on the bonds when he eventually comes to sell them.

By using the financial futures market to hedge, the borrower or investor can exactly cancel out his exposure and thus offset the loss (or gain) arising from it. Of course, if he hedges excessively, or against an exposure that is only notional, he does stand to make actual gains or losses.

Similarly, in currency futures the treasurer of a large multinational can protect himself against an expected decline in the currency of a country where he has a subsidiary by "shorting" in the futures market and covering his position at a profit. Alternatively, if he is worried about the currency's possible appreciation, he can go "long."

In practice, however, only a tiny fraction of the contracts traded reach maturity. Most are cancelled by reverse trades before then, as is the case in the agricultural and metals markets. This is because futures markets are a trading tool and not a source of commodities

Financial futures trading began with currencies on the International Money Market, a division of the Chicago Mercantile Exchange. It was not until the mid-1970s that the concept was extended to interest rates, though today it is the latter that see most of the action.

The contracts available on the various exchanges range from the short term (30-day commercial paper) through to 20-year bonds. Most of the contracts are built around Treasury securities (bills, bonds and notes), though there is also an active market in mortgage certificates on the Chicago Board of Trade.

But now that financial futures have gained broad acceptance, there is, ironically, a danger of over-proliferation.

Commodity exchanges compete vigorously with each other for business, and most have tried to get on to the financial futures bandwagon—with varying success. Chicago and the New York Comex have done quite well. But the American Commodity Exchange (ACE), formed as a subsidiary of the American Stock Exchange in New York, was forced to close its doors a couple of months back for lack of business. The contracts traded there have been transferred to the NYFE.

Interestingly, the Commodity Futures Trading Commission (CFTC), which regulates the commodity markets, has approved more than 70 financial futures contracts, yet less than half this number have attracted any trading worth talking about.

Even so, the growth of financial futures trading has drawn worried looks from the U.S. Treasury and bank regulators in Washington. Their concern centres on the possible impact of financial futures on the actual or underlying markets for the securities named in the contracts. There is already evidence that demand for Treasury bills rises in months in which a futures contract matures, usually March, June, September and December. Ultimately, the Treasury fears, this could distort the Government securities market.

Concern about futures is shared by traders and regulators

There have been fears that the regulators might go so far as limiting or even banning financial futures trading. But after examining the situation closely for a year they allowed them to go ahead though they are paying more attention to the quality of the contracts, and their maturities.

Concern about futures is shared to some extent by traders in the underlying markets who occasionally feel the impact of events in the futures markets. The historic precedent is bad: futures trading wiped out the underlying markets in grains and other commodities. Financial markets are unlikely to suffer the same fate, but they can no longer ignore what their colleagues in the futures markets are up to.

Now that interest rate and currency futures have come of age, the next step is likely to be stock price index futures, a weird and wonderful device which permits investors to hedge against unfavourable moves in the stock market. All sorts of plans have been drawn up, some based on widely-followed stock indexes like Standard and Poor's, others on baskets of shares in selected industries like automobiles and banking.

As with interest rate futures in their infancy, Wall Street currently considers these proposals to be somewhat exotic, even uncomfortably akin to gambling. The CFTC is also taking its time reviewing them.

But given the way interest rate futures have become respectable, it is reasonable to suppose that they will get their chance before long.

. . . and meanwhile back in London

BY ALAN FRIEDMAN

THE UK has never had a market in financial futures, so a great deal of curiosity was aroused last month when it emerged that the Bank of England was examining a report entitled "A Feasibility Study Into Financial Futures in London." The Bank is expected to reach a decision by the end of September.

The 61-page study was prepared by an *ad hoc* working group made up of eight members of City institutions. The working party is headed by Mr. John Barkshire, chairman of the Mercantile House securities trading group. Its panel includes merchant bankers, jobbers, stockbrokers and a representative of the major clearing banks.

Mr. Anthony de Guingand, the working party's secretary, said yesterday that the U.S. experience in financial futures has been "a great inspiration" in laying the groundwork for a London-based market. "We believe there is a definite demand for this kind of trading," he said.

He explained that the working party originally came together after a study commissioned by the International Commodities Clearing House suggested the formation of a futures operation in Britain. This report, completed last November, led to an initial meeting in March.

The document was completed and placed in the hands of Bank of England experts in just three months, a rapid pace for the City. Its contents include details of the type of contracts which might be handled and the possible structure of a London-based market.

The type of financial futures which are being considered for trading on a London market include short and long gilts, sterling certificates of deposit, various currencies and possible Eurodollar certificates of deposit.

A potential problem could arise with the trading of gilts in so far as this is under the traditional purview of the Stock Exchange. Indeed, the role of the Stock Exchange remains unclear: in New York the new futures exchange was launched as a formal subsidiary of the NYSE only after the idea had been pioneered elsewhere. But the nominal position of a financial futures market in London is a matter which needs to be worked out carefully with the Stock Exchange.

Proponents of a London market cite the advantages of hedging against interest rate fluctuations and currencies. They say that the ability to fix the cost of future borrowings is certainly a helpful device in uncertain times. It is also suggested that pension fund managers would be better able to organise portfolio investments in the fixed interest sector.

But others in the City are wary of a new and untested market. Many are unconvinced of the need and even suggest that such a trade could have a destabilising effect on the underlying markets.

The Bank of England will reveal its decision on the working party's proposals within the next couple of months. If approval is given a new market could be operational by the latter part of 1981.

The working party is meanwhile producing a "Green Paper" which it hopes to be able to circulate some time this autumn. This paper will deal with criteria for participation in the market and a set of standards for operating. It will have to address itself to tax questions as well since a financial futures market could raise issues of capital gains taxation

If the Bank of England responds favourably it will probably wish to see a carefully monitored market with stringent controls on the more dangerous aspects of futures trading, such as limits on the number of contracts anyone can hold. For the advocates of a "London Futures Exchange" this should be no problem. They view it as merely a question of time.

MEN AND MATTERS

Doctor In the House

A liberal dose of Mancunian common sense is coming House of Fraser's way in the ample shape of Roland Smith, Manchester University marketing professor and omnipresent business guru. "I spend a lot of time at Manchester United, I admire Joe Jordan, and I employ some of the same managerial style," he tells me.

"Discovered" by Fraser advisers Warburg and Cazenove, Smith is signed up for two to three days work a week, which will earn him £50,000 annually for the next three years. How does he justify the price? "By the net result, he says bluntly.

Smith sees two prime areas for attention: "assets which need to be employed more vigorously, and coherence at the top board and top executive level." There is, he tells me, a lot of Fraser property which could usefully be sold or redeveloped, including possibly Oxford Street sites and the Thames-side Harrods warehouse.

His business involvements include a consultancy at Trusthouse Forte, chairmanships at Barrow/Hepburn and Silentnight Holdings, and directorships with Readicut International, Record Ridgeway and Unicorn Industries. And he still finds time for what he describes as a "fair lecturing commitment" at Manchester. By his own modest admission he works "very hard indeed," and has not taken a holiday for five years. Academic work, he tells me, provides a valuable counterbalance to business practice. "It helps me keep my feet on the ground—the students keep me very deflated," he says.

Smith has no qualms about a possible rough ride at Fraser. "I have been in rough houses before, and when you have been brought up in the Manchester Mafia, you can do almost anything," he says jauntily. His first taste of a Fraser board meeting suggests such talents will be highly valued. "It was quite an experience," he recalls. "Nobody agreed on anything, not even the date."

"There's no chance of a hurricane ever being named after him!"

Back in touch

The architectural profession this week passed a milestone, and in passing, it also shed a millstone. Following a poll of all its 27,000 members, the Royal Institute of British Architects is now readying itself to change its code of conduct.

One rule which will not be changed, however, is the one forbidding architects to advertise. After some years' haggling, the much-discussed question was answered by the membership with a firm "no."

"As far as I am concerned," RIBA president Bryan Jefferson tells me, "it will not be raised again." Dismissing the publicity controversy as "emotive and secondary" compared with the other proposed rule changes, he is best pleased by the lifting of the ban on architects sitting on the boards of building and development companies. This, he avers, takes the profession into a new era.

"We have been distanced by edict from the business of building for some time," he says. During that time, the industry, while well served by accountants and management experts, has been "denuded of people with a deep commitment to quality."

Pulpitations

Times are hard at Reed, chairman Alex Jarratt, complained at a Neddy energy meeting yesterday. With oil accounting for 44 per cent of paper production costs and pulp only 40 per cent, he said, "we are thinking of burning the pulp and processing the oil."

Riding high

"It is regrettable," says Tom Farmer with some satisfaction, "but the recession is very good for business." Smiling through the encircling economic gloom, the chief executive of Kwik-Fit explains that as recession reduces new car sales, more old vehicles are kept on the road, demand rises for MoT tests, and more and more motorists need the replacement exhaust, tyres, batteries and shock absorbers that his company supplies.

I found him yesterday celebrating over further fruits of the recession—Firestone's 180 UK retail outlets—which have fallen into his lap for their written-down book value of £3m, plus a little small change for equipment.

Bringing him full circle, the purchase restores to Farmer's care the Albany group which he ran with his present chairman, Alec Stenson, until they sold it to Firestone in 1974. And it gives him a sharp shove along the road to his goal of 300 tyre and exhaust centres in Britain by 1991. Kwik-Fit is now, he claims(Europe's biggest retailer in the field. With 140 depots at present, he says that by the time the acquisition has been thined and consolidated, he will be left with a net gain of 60 outlets.

Elsewhere, his expansion plans are progressing at more sedate pace. In Europe, where he detects a quickening drift awkay from servicing with the manufacturers' main dealers, his 1991 target is a modest 100 centres.

On top of the 12 already operating in Holland and one more coming up, he has one in Paris and two more open in France next month, a pair in Brussels, and his first West German vetnure recently started business in Essen.

From his early approaches to Firestone, Farmer quickly gathered that he had a trump card which he could scoop the pool from under the noses of the competition. Property companies, inparticular, he says, were lookin ghard. He beat off the competition in Kwik-Fit's field "because we are 100 per cent independent. We had no alliance with any other manufacturer."

Some of that independence, however, looks like being sacrificed as part of the price for Kwik-Fit's ascendancy. "Firestone," Farmer says, "is now looking to build a trading relationship with us . . . it's a logical step, isn't it?"

Horning in

According to a distinguished political commentator of the Ethiopian Herald, Somalia has now "brought the BBC under its effective control." The remarkable coup was brought off, it seems, by Somalia's "chauvinist and expansionist agents in London." Could there be any truth in this? "The man from Mogadishu has just gone out of the room, so I can talk safely," said the voice of the BBC. "No."

Video, rideo

Graffito on a Croydon property development: "They came they conquered, eyesore."

Observer

ECONOMIC VIEWPOINT

A homely parable on monetary muddle

NEITHER PARTY political clap-trape nor excessive technicality should be allowed to obscure the real meaning of the 5 per cent jump last month in the official measure of the money supply.

The so-called corset was invented by the Bank of England to give the appearance rather than the reality of monetary control under successive governments. Inevitably, when it is taken off the reading on the scale leaps and everyone is confused.

But when those responsible for, or sympathetic to, the distortions leap up and say "we told you that money supply control does not work," it fairly takes one's breath away.

A homely parable might help. Imagine a residential building with a heating and air-conditioning system. The system is creaking and much in need of overhaul, but can just about be made to work with thermostat control.

Unfortunately, the heating and ventilating engineer, called Gordon, does not like automatic regulators. When the caretaker, who used to be Denis and whose job has now been taken over by Geoffrey, complained about the high thermometer readings, Gordon had a remedy to hand. He put ice round the thermometer bulb, which was then said to be nicely "corseted."

One day the new caretaker, Geoffrey, removes the ice box. He had wanted to do it earlier but was dissuaded by Gordon, by whom he was a little overawed.

The thermometer then soars. No one knows whether the temperature has just risen or whether the big jump happened some time ago, since when it may actually have fallen. Geoffrey and Gordon have to seek clues by looking out of the window at the people in the street.

Gordon and his supporters feel strangely unabashed, talking about the folly of "going only by one indicator," namely the thermometer. The more vociferous inhabitants do not blame Gordon at all. Indeed, many of them do not know that he exists.

Instead, they engage in a futile argument about whether the fault lies with old Denis who installed the ice blocks or Geoffrey, who delayed too long in taking them away. Some of the *assistant caretakers and* engineers, rather wet around the ears from melting ice, say that the real mistake was in removing the blocks altogether.

Gordon put ice round the thermometer bulb

One of the peculiar house rules is that the ventilating engineer may criticise the caretaker, *provided that he uses* certain set forms of words, but the caretaker must not criticise the engineer. A group of tenants, strangely called the "Treasury Committee" lap up Gordon's subtle digs and use funny words like "doctrinaire" to describe Geoffrey's interest in reading temperatures.

Even Denis, who was a more rumbustious sort of fellow, observed the same rules. Indeed, he is now only too glad to shout from across the road that the temperature was under control so long as he was in charge.

A few older tenants recall that the *ice blocks* were first installed seven years ago by a still earlier caretaker, Tony, who was given the blame for everyone's mistakes and who now works in a bank.

Even in Tony's time, the ice blocks were said to be "temporary" until the air conditioning began to function. But perhaps because of the frequent change of caretakers, Gordon was able to get away with putting them on three times. Rival engineers who warned that there would be a heat explosion were dismissed as "theorists" who did not have to be on good terms with the "institutions" which supplied the equipment.

Now Gordon is really pretty *shrewd*, although brought up in a different branch of engineering. He has a suspicion that the thermometer reading really does matter and even makes speeches to groups of tenants saying this.

But he is too inclined to stand on his dignity and has too many assistants who believe that looking at the thermometer *is all nonsense, anyway*. They would like to open the bulb to control the mercury directly—a topic on which they hold forth at the Incomes Policy Club, which proudly boasts that lack of worldly success has never been a bar to membership.

Some of Gordon's other assistants seem to have a better excuse. They claim that the tenants' spokesmen *would* not be prepared to pay the interest rate price for genuine, full temperature control. The ice blocks give them the illusion of being in charge, while Gordon can operate the ventilating machinery at his discretion.

The snag with this excuse was pointed out by one rather jaundiced tenant who held *grumbling* sessions on Thursday and Monday mornings. Why, he asked, was Gordon so ready to come out with the ice blocks before the caretakers had even asked for them? Indeed, the idea would never have occurred to Tony, Geoffrey or Denis, if they had not been put up to it by Gordon. A good engineer would have insisted that temperature control had its price *and not encouraged the caretaker* to hide the truth from the tenants.

Counsel is further darkened by rival engineers who wrongly say that nothing can be done without replacing the whole machinery and by others who want to divert the discussion to the merits of rival thermometers with peculiar names such as "DCE" or "PSL." Nor is it helped by the former caretaker, now running for office as building manager across the road, sneering at Geoffrey for the jump in the thermometer but urging that the heating should be turned up further to avoid recessionary colds.

Some good may come of it all if the *headmistress*, who is regarded as the principal tenant and Geoffrey himself, were now to be less in awe of Gordon and more inclined to take advice from other engineers.

Killing off jobs

THOSE WHO shout most about unemployment are often those who do most to destroy jobs. The victory of the Cabinet "wets" who prevented Mrs. Thatcher from reducing the teachers' awards is an example of this. For it will mean more people out of work than if the Prime Minister had had her way.

Clearly, it will mean fewer jobs for teachers. Even if the Education Secretary can force through an increase in local authority cash limits, economies will have to be made elsewhere at the expense of other public sector jobs.

In the unlikely event of his being able to push up the whole *public spending total*, the Government will have to borrow more, the fall in interest rates will be delayed even further and the job losses transferred to the private sector, as they would also be if the adjustment came in taxes.

These are all illustrations of the simple case that the more the Government intervenes in favour of "generous" wage settlements, the more the monetary squeeze (which of course exists) will affect jobs and the later it will affect inflation.

In contrast to the "Tory wets," Mr. Gavyn Davies, who was Mr. Callaghan's economic adviser, has endorsed the abolition of the Clegg Commission and would like to see the same fate for Civil Service Pay Research. Recognising that an incomes policy is not now a practical option he would like it to be known that excessive public sector settlements "can only be through expensive strikes which empty union coffers." This is not a happy option but necessary to protect private sector workers from rising unemployment.

A good practically-minded economist who really knows the labour movement is worth all the not very liberal "liberals" in the Government put together.

* * *

Public sector pay is not the only area where the Government intervenes to price people out of work. *Minimum* wages of 2¾m workers in 390,000 establishments are fixed by wages councils. Last year these employed 166 inspectors who visited 34,807 establishments. There was a special inspection of every known employer of homeworkers in the clothing industry in three South London boroughs and Walsall.

These councils originate in boards set up by Asquith's Liberal Government to control "sweated labour." No one who enjoys a comfortable and well-paid job should sneer at the objective. But it is achieved at a cost. The gains of those who remain employed are at the expense of people, often poorer or more disadvantaged, who cannot be employed at the higher rates.

Recently, a British clothing and textile business claimed that it had to switch to imports because it could not afford to pay the wages council minimum. A trade union official replied by emphasising how low this was.

Whats one to do for people whose real earnings ability is wretchedly low? If imports were stopped (an expedient which would not help in many low-paid trades such as catering), the rest of the population, including consumers and exporters, would take a cut in real wages.

If low-paid workers' wages were subsidised directly, the cost to the community would be less because we would not be throwing away the benefits of international trade. But the problems (of principle as well as practice) of deciding whom to subsidise and by how much are probably insoluble. Nor is this the most equitable method. The same wage will look very different to a childless household with two earners than it will to a single breadwinner with a large family to support.

The ultimate solution must be some form of negative income tax or minimum income (not wage) in which inadequate market earnings are made up by fiscal transfers as automatically as possible. A major first step would be decent-sized, fully-indexed child benefits—one of the few issues on which the "wets" are correct.

Meanwhile, let us remember that many of the people priced out of jobs by statutory bodies or over-rigid union pay scales are not breadwinners at all. Mr. Nigel Vinson cites the case of a young girl in her first job as a *shop* assistant. She received £25 a week, plus a lift to and from work and free lunch. But the wage inspecor found she was being paid £7 less than the statutory minimum. This was more than the employer could afford and the girl went on to supplementary benefit of £11.25 instead.

Those whom the gods wish to destroy, they first make mad.

* * *

According to official statistics, British unemployment shifted around 1976-77 from being somewhat below other main countries to being somewhat above. But the conventional figures have been challenged by Prof. Angus Maddison in an article in the July Department of Employment Gazette.

Officially, UK unemployment (including school-leavers) was 6.1 per cent in 1978, the German rate was 3.8 per cent and France was in between. Prof. Maddison has constructed an index of "labour slack" which takes into account facts, such as the 555,000 fall in German immigrant labour force in 1973-1978, and the multiplicity of German schemes for taking old and young people off the labour market.

His absolute percentages are much too high as they are based on the unconvincing view that the unemployment rates of 1973 are an attainable norm. But his index is still revealing for its relative ranking. It shows Germany with a labour slack of 8.6 per cent, the UK with 4.1 per cent and France still in between.

Care has to be taken to avoid the lump of labour fallacy. There is not a fixed amount of work to do, irrespective of population. The effect of the exodus of German guest workers is to protect less skilled German workers from market trends which would otherwise require them to accept lower real wages to remain in employment. It is from wage inflexibility that the unemployment threat arises.

Samuel Brittan

OUTFLOW OF GERMAN GUEST WORKERS

Foreigners in Germany 1970-78

	Aged 15-64 (1,000s)	Labour force (1,000s)	Proportion of total labour force	Numbers employed (1,000s)	Unemployed (1,000s)
1970	1,944	1,863	7.0	1,858	5
1971	2,320	2,195	8.2	2,183	12
1972	2,598	2,360	8.8	2,343	17
1973	2,871	2,580	9.6	2,560	20
1974	2,997	2,517	9.4	2,448	69
1975	2,884	2,284	8.7	2,133	151
1976	2,765	2,108	8.1	2,002	106
1977	2,842	2,046	7.9	1,954	92
1978	2,739	2,025	7.7	1,928	97

Letters to the Editor

'Phone calls up 52 per cent

From Mr. P. Robinson

Sir,—The back page article of August 1 on the announced increase in telephone charges does not make the increase clear.

By reducing the time per unit by 25 per cent and increasing the charge per unit by 14 per cent, a simple calculation shows that the cost of using a private telephone during off-peak times will increase by 52 per cent in November this year.

With a 17 per cent increase in the charge per unit in January (I assume the time per unit remained unchanged), this further increase is quite dramatic.

P. Robinson.
6, Grovewood,
Sandycombe Road, Kew, Surrey.

Water rises by 85 per cent

From Mr. V. Wilmoth.

Sir, — Can nothing be done to curb the absolutely monstrous behaviour of the water authorities? This farm is served by the Southern Water Authority and in the 12 years since we purchased it the price of water has risen in the most alarming manner more especially since the authority was formed.

I have just received my latest bill from SWA. Not only has the charge for the water consumed gone up by nearly 29 per cent, but, in addition it has the audacity to add a meter rental charge, which worked out on my quarterly consumption amounts to another 8.5p per cubic metre. Adding 8.5 to 17.6 gives a total charge of 26.1p per cubic metre — in other words, an increase in one quarter of over 85 per cent.

Farmers are already being savagely squeezed so that increases of this sort are the last straw. The Government simply must do something to stop the public being robbed by a crowd of unelected, incompetent officials.

V. J. Wilmoth.
Barn Farm, Curbridge,
Hampshire.

Qualifications for directors

From the Public Relations Officer,
Institute of Directors

Sir,—We would not object to Mr. Clifford V. Jackson stating (August 2) that the Institute of Directors "is bleating no, no, no," if he had specifically linked that comment to our opposition to the EEC fifth directive on company structure. We oppose the EEC fifth directive because it is alien to the needs of British companies and confuses company structure with the rightful promotion of better consultation, communication, and involvement between employers and employees. But we would like to answer Mr. Jackson's general criticism contained in his comment, "Why does it (IOD) not make some positive suggestions for improving the performance of the average board of directors and its policies on industrial relations?"

One of the main *aims* of the institute is to encourage and help members to improve their professional competence as business leaders. We are introducing new criteria for fellowship of the institute which will recognise and promote the experience and educational qualifications of our fellows and are intended to raise the standards of individual business leaders in the UK.

We do not need, as Mr. Jackson suggests, some new authority to define what a director should do which might be translated into fresh legislation. But it would help if more directors took notice of and participated in the educational programmes that organisations like the institute are promoting. Greater voluntary improvement in directors' standards and per*formance is preferable* to imposed legislation.

The institute is not ashamed of saying "no, no, no" to the EEC fifth directive, but for Mr. Jackson to imply that we are not making "positive suggestions for improving the performance of the average board of directors, and its policies on industrial relations" is to ignore the work we have done.

David Burnside.
Institute of Directors.
116, Pall Mall, SW1.

Influences on architecture

From Mr. L. Mellinger.

Sir,—The pride of ownership which Patrick Frazer (July 31) would like to see reintroduced by the new owners of commercial property is not so easy to come by.

Pride is an individual attribute, at idiosyncrasy which can be crystallised by a talented architect when it is expressed in his brief by a single-minded, articulate client. The architect then acts as interpreter of the owner's needs. Where the owners are a collective, like the pension funds and insurance companies to which Mr. Frazer refers, their responsibility is equally collective and therefore, by definition, devoid of idiosyncrasies. So is the architecture that results from their instructions.

As a chief planning officer once explained to me: most buildings in central areas are almost entirely determined by the maximum utilisation permitted within such constraints as zoning, building lines, height restrictions, light angles, plot ratios, access, fire-escapes, etc. Any two competent architects are likely to arrive at the same geometrical solution. The architectural "character" is then applied almost cosmetically to distinguish the building from its neighbours. Where this distinction is too pronounced, it is likely that it will not pass the collective criteria of the planning committee.

It follows that 20th century architects and building owners cannot emulate the successes of the 19th century and that we must become aware of our own problems before we can excel at their solution.

Lucas Mellinger,
4 Kew Green,
Richmond, Surrey.

Obliterating real issues

From the Managing Director,
Soag Machinery

Sir,—Reflecting on your timely leader "Role of the Opposition" (July 29) and the headline "Demand is key to rise in jobless," (August 4) I fear that party-political machinations will yet again obliterate the real issues that determine Britain's future.

Many people believe the Government induced this recession. Most assume that the same Government can end it when it pleases and certainly well before the next election.

The political scenario, therefore, is at before. The Government is seen to be taking control of the economy, prescribing medicine to cure inflation and promising "no U-turn" from the road it claims leads to prosperity. All this is said to be in the national interest and in conformity with Conservative policy. The Opposition meanwhile goes all out to discredit everything the Government does.

We should ask ourselves whether this kind of political comedy can possibly give a clear lead to people on how to strengthen Britain's economy and improve their own standard of living? National pride, the will to do better, a willingness to make some sacrifices—a more responsible and constructive attitude towards the welfare of *our country—these virtues can*not be engendered by party-political rhetoric and mechanical sabre-rattling. And attitudes must change because they, more than anything, affect our performance as a nation.

It does seem obvious that unless vital issues can be lifted out of blindly contradictory and often insincere party polemics, the real recession in the underlying strength of our economy which has continued throughout many manipulated "recessions" and "booms." will not be stopped.

P. Flatter,
Soag Machinery,
Transport Avenue Industrial Estate,
Great West Road,
Brentford, Middx.

Industrial relations

From the Director, Aims

Sir,—I am glad that Dr. Frank Heller (August 1) agrees with me on the "illiteracy" of the *current debate on participation*. It is important for us to know what can be achieved here because, as Sir Hector Laing said recently, our present economic difficulties call for radical approaches to human relations in industry.

But I fear that Dr. Heller is unjust to the U.S. quality of work programme. It has by no means limited itself to job design; it has taken in rewards, staffing, and the whole environment of work. And there have been cases of good participation in the programmes by American unions.

I am not a death-bed convert to participation: I have argued for many forms of participation including joint consultation. But Aims was also one of the first to recognise the dangers of applying political concepts to industry. Many businessmen have been unnecessarily shy at arguing that property rights are essential for the maintenance of free enterprise and of freedom itself. The change of attitude by a number of Left-wing trade union leaders on having unionists on the Board came from a recognition that this, harnessed to state intervention, could produce a kind of Socialist syndicalism.

Michael Ivens.
Aims.
40, Doughty Street, WC1.

Demerger rules workable

From Mr. A. Isaac

Sir,—On July 23 you published a letter from Mr. J. Clarke suggesting that the provision in the Companies Act 1980 which prevents the distribution of unrealised profits makes the demergers legislation in this year's Finance Bill unworkable.

The example he quoted in support of his argument was of a company which had no realised profits but did have unrealised profits. There are of course many companies which are not in this position.

But *even in the case cited*, I am advised that Section 39 of the Companies Act would not prevent the demerger he envisaged—the transfer by company A of a factory pregnant with unrealised profit to company B which would issue shares to A's shareholders. This is because the combination of these transactions would involve the realisation of the hitherto unrealised profit. The consideration is the issue of shares by B which A accepts should go to its shareholders in lieu of to itself.

A. J. G. Isaac.
The Board Room,
Inland Revenue,
Somerset House, Strand, WC2.

Bottoming out

From Mr. G. Ellinger.

Sir,—Lex wrote on August 2 "It is normal for equities to turn up a few months after gilts." This may be true if you add "in the downswing of the Kondratieff curve" but in the upswing from *1940* there was no such normality.

	FT Index Bottoms	*Consols Bottoms*
1949	Double bottom in June and November	November
1952	About June 20	About June 20
1957/1958	February 1958	November 1957
1961/1962	June 1962	July 1961
1966	November	September
1970/1971	March 1971	June 1970
1974/1975	January 1975	December 1974

The low price of March 1971 was created not by the market but the Financial Times which made important changes in the Index between June 1970 and March 1971. If you calculated an index for the June 1970 bottom based on the 30 constituents of the Index in March 1971 you find that the striking low of the March bottom is eliminated and the index was not more than ¼ per cent lower in March than in the preceding June.

Out of seven bottoms after, but not including, 1939-40 three, namely 1949, 1952 and 1974-1978 did not conform with Lex's return of equities a few months after gilts. Whether four out of seven constitutes a norm I do not know but surely not when it rests on a difference of ¼ per cent.

There were lovely normal upturns in 1920-1921, 1931-1932 and 1939-1940 but I see no normality in the subsequent record.

A. G. Ellinger.
28, Panton Street,
Cambridge.

Today's Events

GENERAL

UK: Council for the Securities Industry meets to consider Stock Exchange views on a tender system.

Jordans publish "A guide to international exchange and trade regulations."

The Queen leaves Southampton in HMY Britannia for a cruise in the Western Isles.

Henry Wood Promenade Concert season opens following settlement of Musicians' Union *strike*.

Fifth Test match starts—England v West Indies, Headingley (until August 12).

PARLIAMENTARY BUSINESS

House of Commons: Tenants' rights (Scotland) *Bill*, Lords' emndments, Health Services Bill, Lords' amendments, Agricultural and Horticultural grants Orders, Fisheries debate.

House of Lords: Civil Aviation Bill, second reading. Short debate on what part promotion of increased purchasing power in developing countries plays in reviving British economy.

OFFICIAL STATISTICS

Department of the Environment releases figures for house renovations (second quarter) and housing starts and completions for June. Department of Industry publishes provisional figures of vehicle production for July.

COMPANY MEETINGS

Anderson, Strathclyde, Central Hotel, Gordon Street, Glasgow, 12. Baker Perkins, Hyde Park Hotel, Hyde Park, W, 11.45. Bradford Property Trust, Victoria Hotel, Bridge Street, Bradford, West Yorkshire, 12. *Cullen's Stores, Burford Bridge* Hotel, near Dorking, 3. Culter Guard Bridge, Jubilee Hall, Guard Bridge, Fife, 12. Triplex Foundries, Upper Church Lane, Tipton, 12. Wedgewood, Barlaston, Stoke-on-Trent, Staffs., 3.

COMPANY RESULTS

Final dividends: Associated Tooling Industries. James Austin Steel Holdings. Peter Black Holdings. Centreway Trust. Centrovincial Estates. Longton Industrial Holdings. M.L. Holdings. Nolton. David S. Smith Holdings. **Interim dividends:** Adams and Gibbon. Ailsa Investment Trust. Anglo-International Investment Trust. *Carron Company (Holdings)*. Evode Holdings. Foreign and Colonial Investment Trust. Law Debenture Corporation. **Interim figures:** Goode Durant and Murray Group.

HIGHLIGHTS

The Lex column briefly looks at the sharp fall in the gilt-edged market yesterday and then moves on to five major company news stories. **TI**, having forecast that half-time profits would be close to last year's £30m has come up with £24.2m and prospects for the second half look poor. Meanwhile **British Aluminium** is frankly forecasting a second-half fall. **Glynwed** managed to report a small gain in pre-tax profits despite exposure to some very difficult markets. Jobbers **Smith Bros.** have achieved a rapid second-half recovery, thanks to better stock market conditions, and the improvement has been sustained through the first quarter of the current year. Finally **Hoover** has been savaged by the downturn in consumer spending and following a modest first-quarter recovery the company shifted into the red in the following three months.

Bibby over £4.5m but forecasts slowdown

PRE-TAX PROFITS of J. Bibby and Sons, the industrial and agricultural group, show a 13.1 per cent rise from £4.02m to £4.55m in the first half of 1980, largely attributable to a better trading performance from the industrial side.

Mr. Leslie Young, chairman, believes that on the basis of current assessments of trading in the second half, pre-tax profits for the year should show further improvement "albeit at a lower rate than that of previous years."

The interim dividend is effectively raised from 2p to 2.2p — the previous total was equal to 6.25p from pre-tax profits of £9.71m. Stated earnings per share for the first half are 12.29p against 11.28p.

Sales in the first half improved *from £88.81m to £95.17m.*

The pre-tax figure is struck after interest of £347,000 (£379,000), but includes associates profits of £22,000 (£242,000.). After tax up from £1.21m to £1.37m and an extraordinary credit of £197,000 (£12,000), attributable profits total £3.38m (£2.83m).

Mr. Young, says the industrial group's better trading performance, reflected improved manufacturing efficiencies at the edible oils division and a significant contribution from the hospital and laboratory supplies division, which was set up in January this year following Bibby's full acquisition of Sterilin.

He says results from the agricultural group were close to the trading surplus achieved in the first half of 1979. The feeds and seeds division had a very satisfactory result, but farm products had a more difficult time. Twydale Turkeys, in particular, experienced increased competitive pressures because of a higher level of imported products.

Trading was also below expectation at Palethorpes which has now been sold to an associate company of J. Sainsbury and Canada Packers.

Associate company profits of £22,000 are now only those of Ekman Cleave, whose results were adversely affected by difficult trading conditions.

The historical pre-tax figure is reduced to £3.64m (£1.59m) on a CCA basis.

• comment

Other than the market's overall belligerence yesterday, it is hard to square a 12p fall in the J. Bibby share price to 198p with 13 per cent interim pre-tax growth. The current cost adjustment looks far less onerous than it has been and the dividend is comfortably covered. MWC is now a positive adjustment following a tough line on net working capital and the cost of sales adjustment, turning round favourably by over £1.1m, is an *indication of a major change of* direction in raw material prices for edible oils. True, this must eventually revert but prices have aparently found a floor for the time being and lower input costs, coupled with the benefits of recent capital investment, take some of the strain off margins in a very competitive market. The Sterilin deal was worth perhaps £250,000 after financing costs which takes some of the gloss off the historic interim performance but, with closures and disposals in various marginally profitable farm product farm product subsidiaries, Bibby is drawing closer to its target of equally balance agricultural and industrial contributions and maintained gearing of 11 per cent provides further scope for acquisitions. With continued, if rather pedestrian, growth and something more from Sterilin, Bibby might make £10.5m this year for a fully taxed p/e of almost 10. That looks about right in present circumstances and income hardly rates as an investment factor. A 10 per cent dividend rise, for instance, would yield only 5 per cent. But a same again 30 per cent tax charge presumes a multiple of 6.8 which may be overlooking the benefits of a significant, if gradual, shift in the operating profile.

Tubes £6m lower at halfway

A SHARP and severe reduction in UK consumer spending in the second quarter is blamed by the board of Tube Investments for a fall of £6.2m to £24.2m in pre-tax profits in the six months to June 30, 1980. At the year-end the board forecast profits to "come close to those for the first half of 1979."

And the directors state that the outlook is more uncertain than at any time during recent years. "Painful and expensive" adjustments to the difficult trading conditions in the first half were inevitable, they say, and the figures have borne about £1.5m of redundancy costs. There will be further substantial amounts to be charged against the group's results in the second half, they warn.

The pre-tax figures are struck after associates losses of £200,000 compared with profits of £1.7m last time, and bank and loan interest charges up from £10.6m to £12.9m. After minorities of £4.1m (£4.3m) profit attributable has dropped from £17.9m to £12.1m.

Turnover in the first six months climbed from £606.2m to £622.9m.

The parts of the group most affected by the drop in consumer spending were the domestic appliances businesses and those related to the automotive industry where extensive short-time working became necessary.

There was also an associated reduction in general industrial demand affecting the group at large. A notable exception to the general downturn was provided by cycles, for which home demand continued to be buoyant.

Overlaying these short-term factors, says the board, has been the effect on the UK manufacturing industry, particularly on that part of it subject to international competition, of the continuing high UK inflation rate, accompanied by strong sterling and high interest rates. This has been exacerbated by the world recession.

The necessary short-term response to these pressures has been to exercise tight control over cash by withdrawing from inadequately profitable marginal business and to reduce costs as quickly as possible to correspond to the lower level of activity.

Beyond that, the directors say, the prospect for each particular business will depend on the size of the gap compared with international competitors at long-run exchange rates, and on the speed and certainty with which that gap can be reduced by improvements in productivity and efficiency.

They say it is not yet clear how far and how fast demand will recover from the severe fall in the early summer.

An analysis of sales and profits shows (£m omitted): steel tube 167.4 (169.9) and 9.3 (10.1); aluminium 160.6 (139.8) and 13.6 (same); specialised engineering products 99.8 (121.1) and 6.3 (7.9); domestic appliances 104.3 (97.1) and 4.9 (6.7); cycles and toys 89.8 (77.3) and 3.9 (1.9); parent and other companies 1 (same) and 0.7 loss (0.9).

The figures for specialised engineering products include those of the industrial electrical business which was sold with effect December 31, 1979. External sales of specialised engineering products for the six months to June 30, 1979, excluding the industrial electrical business, amounted to £93.8m. The effect on trading profit is not material.

Following changes to strengthen the group's internal financial controls, results by business area are now reported at level of trading profit rather than profit before loan interest payable as previously. Comparatives have been adjusted.

Since December 31, 1979, the main changes in the group have been the disposal of the investments in Tubemakers of Australia and TI James Gibbons. These and other minor changes give rise to extraordinary items amounting to a loss of £0.8m for the half year.

At June 30, 1980, there was an unrealised exchange loss of £1.1m arising from the translation into sterling of assets and liabilities.

Tax charged in the first half was £8m (£8.2m) and stated earnings per £1 share are down from 30.2p to 20.4p. The interim dividend is unchanged at 12.5p —last year's total was 25.5p from pre-tax profits of £52.2m.

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Waring & Gillow profits decline

TURNOVER OF **Waring and Gillow (Holdings)** amounted to £63.2m in the year ended March 31, 1980, against £57.72m, but pre-tax profits were down from £5.03m to £4.31m.

The results reflect a downturn in trade following the VAT increase and further rationalisation of the group's clothing division which incurred a loss of £331,404 (£195,137 profit). Profits of the furniture side amounted to £4.64m (£4.84m).

The results also reflect costs of closing two factories and associated redundancies in the clothing division. Since the year-end, a further two clothing factories have been closed and the closure of a third has been announced.

The directors are not over-optimistic about profits for this year in view of the present economic climate. The problems of the clothing manufacturing division will not be solved without further costs, they add.

Stated earnings per share for 1979-80 are down from 21.77p to 16.34p but a final dividend of 4p raises the total from 5.086774p to 5.5p.

• comment

Waring and Gillow added 2p to 98p yesetrday after a 16 per cent fall in profits before the transfer. That seems reasonable enough given the prevailing High Street conditions and the accepted wisdom that the top end of the furnishing market is relatively immune to the vicissitudes of consumer spending does not seem seriously challenged as yet. The cost of the Scarborough and Malton closures was taken above the line and, although unquantified, it seems reasonable to suppose that profits would have been within sight of previous levels. Yet three more factories will be closed this year and Maple has apparently turned down into the red. The group remains certain that this fall can quickly be arrested and seems confident of the benefits of grafting its own aggressive marketing techniques onto the new acquisition. It is not yet certain when Maple will be consolidated and, for the moment, it cannot begin to service the related debt. A series of property disposals in the autumn will apparently bring borrowings down to about £m and it must be a reasonable guess that pro-forma net worth of £12.9m understates the combined property assets on an up-to-date valuation. Shareholders may have to take the benefits of the Maple deal on trust for the time being although a yield of 8.4 per cent probably offers reasonable comfort.

Ault & Wiborg at £978,000 midterm

AFTER sharply increased *interest of £703,000 compared* with £156,000, profits before tax of Ault and Wiborg, the inks, *rollers, paints and chemicals* group, were down from £1.29m to £978,000 in the first six months of 1980 on turnover of £27.79m against £22.45m.

The interim dividend is maintained at 0.75p net per 25p share —the total last year was 2.3p from pre-tax profits of £3.37m.

• comment

The interim performance by **Ault and Wiborg** reinforces the impression left by Reed's dismal second-quarter figures last week. After a healthy start to the year, industrial action and de-stocking in the packaging and publishing sectors carved into second-quarter margins. Pre-tax profits are down by almost a quarter even against a weak comparative period. The picture is brighter at the trading level since the interest of around £300,000 paid on funding two acquisitions was more than twice their profits contribution. Orders are now picking up and the group generally does better in the second half but all its operations are highly sensitive to the recession and a full-year profit of over £3m looks unlikely. On this basis, the shares offer a prospective fully-taxed p/e of 6.2 at yesterday's price of 46p, while the yield is 7.3 per cent on a maintained final.

BACO off £2m as demand in UK falls

A SHARP decline in UK demand for aluminium products from the beginning of the second quarter depressed the first-half performance of the **British Aluminium Company**, *in which* Tube Investments holds a 58 per cent interest. Pre-tax profits to *June 30, 1980, dropped from* £11.05m to £9.07m, despite a 15 per cent rise in turnover to £153.26m.

With a poor general economic outlook for the second six months, particularly in the UK, pre-tax profits for the period are expected to be signficantly lower than those now reported. Profits in the last full year totalled £20.63m.

The directors feel that overall growth in demand is unlikely this year mainly because of the recession in the U.S. where some producers have cut back output.

Sales volume of semi-fabricated aluminium was higher than last time due mainly to a full six-month contribution from the acquisitions made in 1979. Sales of primary metal, however, were significantly lower because of reduced exports.

Selling price increases have been insufficient to offset rising costs and margins have been eroded in most parts of the business.

Towards the end of the second quarter it was necessary to institute short-time working at a number of semi-fabricating plants. India Foils which had been closed by a strike for the whole of the second half of 1979 resumed production in April and was able to make a rapid return to profitability.

Trading profits were slightly lower at £12.64m, compared with £12.8m when results were hit by industrial disputes. The rise in interest rates and higher borrowing requirements increased finance expenses by £1.6m to £3.57m.

Tax took £1.52m (£1.84m) and earnings per 50p share fell from 18.8p to 15.5p. The interim dividend is maintained at 5.5p net, again costing £2.66m—last year's final was 8p.

The rising trend in power costs at the Invergordon smelter remains a matter for concern. No progress has been made in resolving the company's differences with the North of Scotland Hydro-Electric Board on the detailed interpretation of the Invergordon power agreement.

The company understands that it is the Board's intention to seek a resolution of the dispute in the courts, but to date proceedings have not been initiated. While the company still denies liability for the disputed charges it continues to make full provision for them on the basis set out in the 1979 accounts.

Output at Invergordon was maintained at a satisfactory level but some production was lost at Lochaber because water levels in the system feeding the hydro-electric plant were abnormally low up to early June.

However, the unusually dry weather in the early months of this year facilitated a good start on the major project to modernise the Lochaber smelter, which is due to be completed in October, 1981 at a capital cost of £35m.

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'Golden handshake' for Bassett directors

Nearly £200,000 in golden handshakes was paid out to former directors of **Geo. Bassett**, *the troubled confectionery company*, in its last financial year, with "abortive costs of potential overseas acquisitions" costing it a further £64,000.

Mr. Cyril Ede, who was group managing director until August, 1979, and Mr. Gordon Harper, former group international director, received a total of £147,000 for the cancellation of their service agreements.

A further £49,000 went in compensation for dismissal to the director of an overseas subsidiary. Bassett, the maker of liquorice allsorts, went heavily into the red in its financial year to March 31, 1980, with a pre-tax loss of £1.3m, against a profit of £1.33m.

Bassett has run into trouble with its attempts to diversify outside the sweets market, with losses on some of its foreign activities and on export business.

It sold off its Pied Piper Confectionery and Remus Play Kits subsidiaries in the last financial year, and is currently cutting out all small export shipments and shifting unprofitable foreign business to the more profitable home market.

Management problems and the introduction of new machinery caused losses at De Faam, its Dutch company, with Rouger of France hit by a compulsory price freeze. Bassett is closing its New York importing subsidiary, Wilkinson-Spitz, which also made losses.

HIGGS & HILL

Higsg and Hill states that, on the sixth and final opportunity for conversion of the 8 per cent convertible unsecured loan stock 1989/94 a total of £1,698,804 of the stock was converted out of the £1,927,230 previously outstanding.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aaronson Bros. ......int.	1.2	Oct. 10	1.2	—	4.2
Ault and Wiborg ...int.	0.75	Oct. 13	0.75	—	2.3
Benn Brothers	2.3	Oct. 1	2.1	3.4	3
J. Bibby ....int.	2.2	Oct. 3	2*	—	6.25*
British Aluminium int.	5.5	Oct. 3	5.5	—	13.5
City of London Brwy. .... 4th int.	1.56	Aug. 29	1.19	4.3	3.26
English and NY. ...int.	1.75	Oct. 3	1.5	‡	4§
Garford-Lilley	0.9	Oct. 1	0.83	1.15	1
Glynwed ....int.	2.45	Dec. 17	2.45	—	9.15
Govett European ...int.	0.75	Sept. 3	—	—	—
Hoover ....int.	4	Oct. 9	5.61	—	12
Lon. and Gartmore	1	Oct. 10	0.75	1	0.75
¶Palabora Min. sec. int.	30	Sept. 15	22.5	55	42.5
R. Smallshaw ....int.	0.5	Oct. 1	0.5	—	1.25
Smith Bros.	2.5	Oct. 24	0.1	2.5	1.6
Tube Investments ...int.	12.5	Oct. 10	12.5	—	25.5
¶Vereeniging ....int.	19	Sept. 19	16	—	48
¶Vogels Metal ....int.	5	Sept. 25	5	—	16
Waring and Gillow	4	—	4	5.5	5.09

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡Final of not less than 2.25p forecast. § Includes 0.4p special payment. ¶ South African cents throughout.

ISSUE NEWS

£5.75m waterworks stock on tender

Newcastle and Gateshead Water Company is offering £5.75m of redeemable preference stock by tender. The stock carries a coupon of 8½ per cent and a minimum issue price of £99, which would produce a gross running yield of 12.26 per cent. It is redeemable at par on August 31, 1985.

The stock is denominated in amounts of £100 and applications, accompanied by a £10 deposit, must be received before August 13. The first dividend will be payable on January 2, 1981, and thereafter half-yearly on July 1 and January 2.

Brokers to the issue are Seymour, Pierce and Company.

• comment

Yesterday was not perhaps the most auspicious moment to launch a waterworks issue. The price of the Newcastle and Gateshead offering was fixed last Friday, since when the money supply figures have sent gilt prices tumbling. The redemption yield of 12.41 per cent is now a full 1.2 per cent below the return available on five-year gilts. Investors who can take advantage of franked income will receive 17.89 per cent but they may find that similar issues can be picked up a shade more cheaply on the secondary market. The fairly large amount on offer will compound any digestion problems but brokers Seymour, Pierce have a small, loyal following which should prove useful in the present circumstances.

Baker Electronics

The shares of Baker Electronics soared to 103p from their issue price of 60p when dealings began under Stock Exchange rule 163(2) yesterday.

The company had placed 800,000 shares, representing 39.6 per cent of the issued capital, in order to fund working capital, stocks and a leasing operation.

RESULTS AND ACCOUNTS IN BRIEF

ARLINGTON MOTOR HOLDINGS—Results for year ended March 31, 1980, reported July 23. Shareholders' funds £8.17m (£7.3m). Term bank loans (secured) £1.84m (£1.95m). Bank overdrafts £3.91m (£4.75m), including £3.29m (£2.23m) vehicle stocking facilities. Meeting, Moorgate Place, EC August 27, noon.

FIVE OAKS INVESTMENTS—Turnover year to June 30, 1980, £207,958 (£484,333). Pre-tax profit £2,968 (loss £73,997) after net rental income £56,971 (£47,140) and interest £58,112 (£60,001). Tax credit £51,134 (charge £52,090). Attributable profit £112,477 (loss £137,527) after extraordinary credit £58,375 (debit £11,440). Earnings per share 1.10p (loss 3.22p). During the year bank borrowings have been reduced from £366,888 to £165,761.

CITY AND FOREIGN INVESTMENT COMPANY—Gross income half-year to June 30, 1980, £42,800 (£69,700). Net revenue £22,700 (£19,600) after tax £400 (£600).

PICCADILLY THEATRE (controlled by Associated Newspapers Group)—Results for six months to March 31, 1980: Pre-tax profit £53,332 (half-year to June 30, 1979, £103,442); turnover £92,082 (£138,271); tax £27,397 (£55,858); earnings per 25p share 2.9p (5.4p). Comparison of six months results is not possible due to the change in the accounting date.

PROGRESSIVE SECURITIES INVESTMENT TRUST—Results for three months to June 30, 1980 (comparatives for year to March 31): Gross revenue £44,970 (£180,638): net revenue £25,072 (£99,488): tax £13,753 (£62,795). Stated earnings per 50p share 1.12p (4.44p). Net asset value 96.6p (88.3p).

MARSTON THOMPSON AND EVERSHED (brewer)—Results for year to March 31, 1980, already reported. Shareholders' funds £39.54m (£36.86m). Net current assets £2.87m (£2.39m). Directors consider value of brewery, depots and licensed properties exceed book value by some £5.7m. Meeting, Burton-on-Trent, August 29, at 11.30 am.

SPAIN

August 6	Price %	+ or −
Banco Bilbao	226	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	138	
Banco Vizcaya	236	
Banco Zaragoza	211	
Dragados	92	+2
Espanola Zinc	63	
Fecsa	62	
Gal. Preciados	23.5	−0.5
Hidrola	66	−1
Iberduero	61.2	+0.2
Petroleos	113	−2
Petroliber	87	
Sogefisa	107	
Telefonica	63.7	−1.8
Union Elect.	67	−0.5

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Adams and Gibbon, Anglo-American Coal, Anglo-American Gold Investment, Anglo-International Investment Trust, Carron, T. Clarke, East Lancashire Paper, Evode, Foreign and Colonial Investment Trust, Law Debenture.

Finals—Ailsa Investment Trust, Associated Tooling Industries, James Austin Steel, Peter Black, Centreway Trust, Centrovincial Estates, Longton Industrial, M.L. Holdings, N.M.C. Investments, Nolton, David S. Smith.

FUTURE DATES

Interims—

Alliance Trust .... Aug. 22
Carrington Viyella .... Aug. 13
Home Counties Newspapers .... Sept. 5
Horizon Travel .... †Aug. 13
London and Scottish Marine Oil .... Aug. 19
Mixconcrete .... Aug. 28
Royal Dutch Petroleum .... Aug. 21
Shell Transport and Trading... Aug. 21

Finals—

English Association of American Bond and Share Holders Aug. 18
Geller (A. and J.) .... Aug. 21
Group Investors .... Aug. 12
Impala Platinum .... Aug. 18
Second Alliance Trust .... Aug. 22

† Amended.

Glynwed held back by UK downturn

STRUCK AFTER interest up from £2.12m to £2.95m, taxable profits of Glynwed, engineering and building products manufacturer, ended the June 28, 1980 half-year £381,000 ahead at £9.09m, from turnover of £188.5m against £169.9m.

Mr. L. Fletcher, the chairman, says that UK results were satisfactory in the first quarter, but there was a marked downturn in activity in most sectors in the second three months. "This caused an increase in both short-time working and redundancies and inevitably lower profits," he states.

The overseas companies, particularly in South Africa, maintained a high level of profitability for the whole of the six months.

Because of the general economic uncertainties Mr. Fletcher says it is difficult to make a realistic forecast of full year's results, although present indications are that contributions from the overseas activities should help sustain an acceptable level of profitability.

Profit for 1979 was a record £18.68m from £345.5m turnover.

After tax of £3.16m (£3.07m) for the first half, and minorities £400,000 (£80,000), the attributable balance came out at £5.46m, compared with £5.49m.

The net interim dividend per 25p share is maintained at 2.45p, which will absorb £1.6m (same)—last year's final was 6.7p.

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Allied Hambro launches its fourth exempt fund

A NEW fund available for pension schemes and charities has been launched by Allied Hambro—the unit trust arm of Hambros. It is the Allied Hambro Income Exempt Fund and it aims at proving above average and growing income by investing in secure, high-yielding UK equities. The fund has an estimated initial yield of 8½ per cent.

Allied Hambro already has three exempt funds available for pension schemes and charities, including the highly successful Smaller Companies funds. But these are specialist funds meeting the selective demands of pension schemes and charities.

The new fund is a general fund designed to meet the main investment requirements of pension schemes and charities for their overall equity portfolios. As such, it represents a radical extension in the services provided by the group.

The impetus has come from small funds already using the services of Allied Hambro to provide such a general fund.

Powell Duffryn ahead so far

For the first three months of the current year, results of Powell Duffryn were ahead of those for the same period of 1979 and were in line with the Board's expectations, Mr. C. S. Aston, the chairman, told the annual meeting.

But due to the present economic climate the future should be viewed with caution, he added.

For the year ended March 31, 1980 pre-tax profits of the group, whose interests include engineering, fuel distribution and shipping, were a record £15.88m (£12.18m).

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	30	—	52	10	64	—	344p
BP	360	17	50	36	—	46	—	"
BP	390	6	70	20	2	—	—	"
BP	420	2	6	—	—	—	—	"
Com. Union	120	31	3	35	—	—	—	140p
Com. Union	130	21	3	26	—	—	—	"
Com. Union	160	5	7	9	—	13	—	"
Cons. Gold	500	43	5	58	—	80	—	505p
Cons. Gold	550	22	—	37	11	55	—	"
Cons. Gold	600	10	20	20	1	—	—	"
Courtaulds	70	4	—	7½	13	10½	—	65p
GEC	390	110	2	118	—	—	—	467p
GEC	420	71	30	92	—	—	—	"
GEC	460	42	18	62	—	82	—	"
GEC	500	20	25	40	—	58	—	"
Grand Met.	130	23	2	31	—	—	—	151p
Grand Met.	140	13	35	25	—	29	—	"
Grand Met.	160	5	5	14	—	17½	—	"
Grand Met.	180	2½	40	7	—	10½	—	"
ICI	330	38	11	50	—	—	—	359p
ICI	390	8	—	19	—	26	2	"
Land Secs.	273	91	22	—	—	—	—	352p
Land Secs.	293	71	25	—	—	—	—	"
Land Secs.	323	46	30	59	—	—	—	"
Land Secs.	353	24	13	40	1	—	—	"
Land Secs.	360	—	—	—	—	51	1	"
Land Secs.	390	10	12	23	—	37	20	"
Marks & Sp.	80	20	20	24	—	—	—	97p
Marks & Sp.	90	12½	2	16½	—	20	—	"
Marks & Sp.	100	6	3	10½	10	15	2	"
Shell	420	16	—	30	—	40	3	400p
Shell	460	7	2	18	—	24	5	"
Totals			46		48		33	
		August		November		February		
Imperial Gp.	80	2	38	5	27	9½	—	79p
Lonrho	94	8	20	14	27	19	—	101p
Lonrho	104	3½	—	9	64	14	—	"
Lonrho	114	1½	25	6	43	10½	—	"
P. & O.	120	4	2	9½	10	13	—	119p
P. & O.	130	1	—	5	9	8½	—	"
Racal Elec.	220	55	1	67	—	78	—	271p
Racal Elec.	260	16	—	35	1	47	—	"
Racal Elec.	280	8	51	23	10	36	1	"
Racal Elec.	300	1½	20	15	7	26	1	"
RTZ	460	14	—	40	1	65	—	467p
Totals			157		199		2	

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZO C	F.20	20	3.70	—	—	—	—	F.25.50
AKZO C	F.22.50	108	1.60	2	2.20	—	—	"
AKZO C	F.25	35	0.50	49	0.90	38	1.20	"
AKZO C	F.27.50	48	0.20	—	—	—	—	"
AKZO P	F.25	5	1.90	—	—	5	2.40	"
AMRO C	F.65	—	—	2	3.90	—	—	F.67
KODA C	$60	—	—	3	6¼	—	—	$63⅜
HEIN C	F.60	10	3.50	—	—	—	—	F.62.20
HEN P	F.56	2	7.50	—	—	—	—	F.62.20
IBM C	$55	10	9½	—	—	—	—	$64¼
IBM C	$60	—	—	10	6½	—	—	"
IBM C	$65	10	2½	—	—	—	—	"
IBM C	$70	2	1⅛	—	—	—	—	"
KLM C	F.60	16	7.50A	1	9.50A	—	—	F.66.50
KLM C	F.70	85	2.40A	2	3.50A	4	5.40	"
KLM C	F.80	44	0.70	—	—	—	—	"
KLM P	F.60	97	2.40	19	3.80	—	—	"
KLM P	F.70	38	7.80	2	8.60	—	—	"
KLM P	F.80	2	15	—	—	—	—	"
NATN C	F.110	—	—	1	9	—	—	F.117.30
NATN P	F.120	22	6.50	—	—	—	—	"
PETR C	Fr.3500	6	50	5	1.50	—	—	Fr.4775
PHIL C	F.15	20	4.20	—	—	—	—	F.19.10
PHIL C	F.17.50	10	1.80	15	2.30	—	—	"
PHIL C	F.20	135	0.60	—	—	10	1.10	"
PHIL C	F.22.50	1	0.10	—	—	—	—	"
PHIL P	F.17.50	20	0.30	—	—	—	—	"
OLIE C	F.140	5	25.20	—	—	—	—	F.166.20
OLIE C	F.150	80	16.80A	—	—	—	—	"
OLIE C	F.160	124	8.10	1	9.20	—	—	"
OLIE C	F.170	142	3	39	5.30	2	4	"
OLIE C	F.180	55	1.10	62	2.20	—	—	"
OLIE P	F.150	—	—	25	1.80	—	—	"
OLIE P	F.160	87	3.40	60	4.50	—	—	"
OLIE P	F.170	45	10	1	10	—	—	"
UNIL C	F.110	—	—	10	1.50	—	—	F.118.10
UNIL C	F.115	30	1.10	—	—	—	—	"
UNIL C	F.120	43	3.10	—	—	—	—	"
		Aug.		Nov.		Feb.		
MANN C	DM.130	—	—	—	—	15	8	DM126
SIEM C	DM.280.50	—	—	4	9	—	—	DM282.10
SLUM C	$110	56	19	36	21	—	—	$128⅛
SLUM C	$120	6	9¾	—	—	—	—	"
SLUM C	$130	—	—	2	6⅝	6⅛	10⅝	DM151
VEBA C	DM.140	—	—	2	—	—	—	
VEBA C	DM.150	—	—	2	—	—	—	"

TOTAL VOLUME IN CONTRACTS 1848

C=Call P=Put

Aaronson slips to £1.43m midway

DESPITE a 25 per cent increase in turnover Aaronson Brothers, plastic laminate and wood veneer manufacturer, reports sharply reduced pre-tax profits for the first half to March 31, 1980.

Taxable surplus was £1.43m against £2m previously, on turnover of £28.31m (£22.68m). The company says the increased business was largely in the UK although exports also rose, from £3.86m to £5m. The strong pound and high rate of inflation affected group profit margins, as did exceptionally high interest rates.

Trading profit was £2.13m (£2.25m) and interest took £707,000 (£242,000). Tax accounted for a further £314,000 (£231,000) and after minorities of £87,000 (£96,000) the attributable balance is £1.03m (£1.68m).

Stated earnings per 10p share are 3.6p (5.7p) and the interim dividend is unchanged at 1.2p net. For the year to September 30, 1979 there was a total payment of 4.2p on record profits of £4.01m.

The company says the strong pound, inflation and high interest rates have continued to keep margins under pressure in the second half. But the recent installation of new production lines at Spanboard and Laconite, the introduction of new product ranges, and signs of falling interest rates lead the board to be cautiously optimistic.

● comment

Substantial de-stocking by home improvement and DIY shops has resulted in a first-half setback for Aaronson. Home improvement accounts for about 55 per cent of the group's turnover and is naturally vulnerable to a fall in real incomes. At the same time the strength of sterling has given overseas rivals an edge in competing to supply the kit furniture makers which makes up the rest of Aaronson's business. Pre-interest margins have fallen from 9.9 per cent to 7.5 per cent. Prospects for the current half are gloomy and outside analysts are cutting their full-year profit forecasts to £3m. Interest charges have become a considerable burden with profits covering them only three times in the half-year and borrowings in the balance sheet have risen to around £7m—gearing of 38 per cent—following the completion of the £8.5m capital spending programme. Next year, however, with at least 40 per cent extra capacity, the whole of which is only now coming on stream, Aaronson could move up to a considerably higher turnover threshold if the market recovers. At 55p, down 1p, the yield is 11.5 per cent but the fully taxed prospective p/e of 12 is demanding.

Hoover loss in second quarter

AFTER improved results in the first three months of 1980, Hoover fell back into losses in the second quarter but completed the first half-year with pre-tax profits of £1.56m against a £981,000 deficit in the same period of 1979. First half sales were down from £103.55m to £100.38m.

The result includes losses of £936,000 (£1.62m) on translation of liabilities and current assets into sterling and a £27,000 loss (£147,000 profit) in respect of the group's share of Hoover (Holland).

Group sales for the second half were down from £53.85m to £49.42m and the loss amounted to £209,000 compared with £362,000. Reduced demand in the UK in the second quarter made market conditions difficult and competition was severe, the directors say.

Earnings per share are stated as 2p for the first half compared with a 9p loss. The interim dividend is being reduced from 5.61p to 4p because of difficult trading conditions, the need to conserve cash resources as well as the wish to make the interim a lower proportion of the previous year's total dividend of 12p.

	Six months 1980 £000	1979 £000
Sales	100,382	103,551
Trading profit	2,521	489
Hoover (Holland) loss	27	*147
Exchange losses	936	1,617
Profit before tax	1,558	†981
UK tax	650	670
Foreign tax	444	123
Hoover (Holland)	62	65
Net profit	402	†1,839
Net dividends	794	1,114

* Profit. † Loss.

The continuing strength of sterling put pressure on trading profits earned by subsidiaries and associates in Europe which sell products made mainly in the UK. Nevertheless the second quarter saw some improvement in the profitability of Hoover (Holland).

Further good progress was made by the Australian subsidiary in the second quarter and the South African subsidiary continues to earn satisfactory profits, the directors say.

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Phillips Patents in losses

THE TENDENCY of Phillips Patents (Holdings) to lose money in the first half of the year has continued in 1980, due mainly to the heavy losses on the company's old factory at Bury, says Mr. J. A. Rowland-Jones, the chairman, in his annual statement.

However, the company hopes to be occupying its new premises shortly when it expects to reduce these losses drastically, he adds.

Following a first-half loss of £110,000, the company picked up in the second six months ended March 1, 1980 to finish with a taxable profit of £17,931 (£110,665)—as reported July 31. The company is paying a dividend—for the first time since 1975—of 1p net.

The chairman points out that the company's net asset value has risen to nearly 40p per share and the continuing improvement of its asset backing has led to a more comfortable relationship with its bankers.

At the year-end, secured bank overdrafts were up from £93,619 to £357,532.

The company's principal activities include footwear components, meteorological balloons, sports goods, toys, property development and investment.

Meeting, Manchester, August 28, noon.

A. Monk has satisfactory workload in current year

TWO very large contracts started by A. Monk and Co., at Selby, North Yorkshire, and at Hoole, Cheshire, are proceeding to plan, and a modest increase in turnover can be expected in the current year, Mr. W. S. Whittingham, chairman, tells shareholders.

The workload in hand is satisfactory although the group has spare capacity in some areas, the chairman adds.

The large trunk road in the Midlands is substantially completed "but if finalisation of the account follows the unsatisfactory pattern experienced in many previous cases, it is likely to be some time before the company is paid all the monies to which it is entitled," says Mr. Whittingham.

Delay in settlement of contracts by public sector clients is all too common the chairman says, and the effects have become much more serious for contractors at a time of high interest rates and inflation.

The chairman believes that at present the group is entitled to payments in excess of £5m arising from contracts already completed.

As reported on July 26, the group reported a pre-tax loss of £465,000 in the year ended February 29, 1980, compared with a £3.48m profit previously, on turnover of £88.2m against £71.7m. The accounts also show compensation of £47,000 paid to a former director.

As foreshadowed at the time of the preliminary report, the auditors have qualified the accounts regarding the Inland Revenue's challenge on amounts claimed in earlier years as allowable in respect of provisions against the trading debt due from the Nigerian company.

The auditors say that no provision has been made for tax of £1.6m which would be required were the Inland Revenue's contention ultimately to prevail. Spicer and Pegler, chartered accountants, says "we are unable to express as opinion as to whether, in the eventual outcome, any provision will be necessary."

The chairman says that in accordance with advice given by leading Counsel, the Board intends to contest any attempt by the Revenue to disallow those trading expenses.

GOVETT EUROPEAN

Govett European Trust expects that the circular formally proposing the scheme of unitisation will be posted to shareholders on August 12, and if approved, the unit will be issued on August 20.

The directors announce an interim dividend of 0.75p per share—an amount of 2.8p was paid last month.

Westminster Property leaps to £184,000

A sharp increase in taxable profits, from £42,000 to £184,000, is reported by Westminster Property Group, investment and development company, for the first half to March 31.

The company says profits of £103,000 on UK property sales arise mainly from the sale of the Frensham Pond Hotel, while £6,000 came from the sale of houses and apartments in Albufeira, Portugal.

Interest paid in the UK was £128,000 (£127,000) and in Portugal £169,000 (£110,000). Again there was no tax charge.

The company, which reported pre-tax profits of £154,000 for the year to September 30, 1979, says discussions are continuing for the sale of an office development in the Avenida da Liberdade, Lisbon, but no definite offer has been made.

Meanwhile the practice of capitalising interest paid in Portugal has continued. There remain four completed units at Cerro Grande for sale of the 15-acres originally developed.

ADVANCE LAUNDRIES

Advance Laundries has changed its name to Advance Services with effect from August 1.

Garford Lilley improves to £521,746

Profits before tax of Garford-Lilley Industries improved from £438,373 to £521,746 in the year ended March 31, 1980, and the directors are lifting the total dividend from 1p to 1.15p with a final of 0.9p.

Turnover increased from £5.04m to £6.18m. Tax takes £271,869 (£229,408), giving earnings per share of 3.79p against 3.17p.

The group trades as a general engineer, metal stockholder and maker of plastic extrusions, mouldings and woodworking.

BTR Hopkins surges ahead

A surge in first-half profits of 180 per cent is reported by the Australian BTR Hopkins, whose ultimate holding company is the British rubber manufacturer, BTR.

In the six months to June 30 taxable profits rose to A$3.03m (£1.49m) against A$1.08m, as sales climbed from $15.41m to $31.97m. Tax took $0.68 compared with $0.22m.

The British-based BTR group made taxable profits of £57.17m in 1979.

Second half recovery by Smith Whitworth

A boost in second half profits from £31,197 to £184,999 has left Smith Whitworth, textile machinery, steel fabrications and plastic product group, just ahead at £96,330 for the year ended March 31, 1980, compared with £94,982.

At halfway the group suffered a loss of £88,669 (£63,785 profit) but the directors said that results for the second six months would be satisfactory and should show a return to profitability.

They now state that orders are satisfactory in the short term, but that the severity of the present recession makes it impossible to accurately forecast the future.

This uncertainty and the belief that the conservation of cash resources is currently of "paramount importance" has led them to omit the dividend (0.3p).

The company is devoting its energies towards maintaining and developing the business and to actively seek out new opportunities. The new factory at Rochdale, Lancs., has been completed and the directors hope this will contribute to the development of the company's business with the nuclear fuel industry.

Turnover for the year rose nearly £1m from £1.95m to £2.93m. There was a tax credit f £11,650 against a £41,579 charge, and the attributable balance came out at £110,955 (£70,531) with earnings per 5p share shown as 2.64p (1.28p).

BRISTOW AND TOWNSEND

Mr. Christopher Morris, a chartered accountant with Touche Ross and Co., has been appointed receiver of Bristow and Townsend, the High Wycombe manufacturer of reproduction furniture.

The company's products are marketed under the Carlton Collection brand and the firm employs some 180 people.

Bristow and Townsend is continuing to trade for the moment but Mr. Morris says that he has already received two offers for the company.

Smith Bros comes back to finish nearly £1m ahead

A MASSIVE upturn in second-half profits, from £60,295 to £1.72m has left Smith Bros., jobber, with a £1.2m taxable surplus for the year ended April 25, 1980, compared with £282,905. Turnover for the full period was £2.64bn against £2.32bn.

And, despite omitting the interim payment, directors have declared a final dividend of 2.5p (0.1p) net per 25p share — last year's interim was 1.5p.

The company reported a midway loss of £522,000 (£222,610 profit) in February, but said this had been more than regained in the third quarter as a result of active market conditions. They were hopeful that full-year results woud be satisfactory.

Smith has continued to benefit from favourable market conditions in the first quarter of the current year, and results so far are regarded as encouraging.

The attributable balance for 1979-80 came through at £516,876 (£111,199) after tax, up from £176,595 to £674,347, and an exchange loss of £10,544 compared with a £4,889 gain.

Earnings per share are shown to be well ahead at 6p against 1.2p.

After dividends' cost of £218,352 (£120,469) the amount left was £298,524 (£9,370 loss). The retained amount brought forward was £1.12m (£1.13m) making £1.42m (£1.12m) the balance carried forward.

The recovery of profits in the second half was stronger than directors had expected, the main impetus coming from the booming gold market in January and February.

The group's Los Angeles operation achieved a turnround from a near £100,000 trading loss to a small profit at the year end; the U.S. side of operations is one area in which the company is looking at the possibility of further expansion. Mr. Tony Lewis, chairman, says that there are no definite plans at this stage.

On the strength of results seen so far he is taking an optimistic view of the current year.

"What is really encouraging is that international trading has continued to be very profitable. We hope that relaxation in the rules relating to international securities wil be of some benefit to the company in the future," he says.

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Book trade problems hit Benn Brothers

A SURGE in cost inflation in the second half and continuing difficulties in book publishing are reflected in the taxable profits of Benn Brothers, the business journal and directory publisher, which fell from £1.13m to £1.03m in the year to June 30, 1980. At halfway profits were up from £370,400 to £488,000.

Turnover for the year rose to £13.41m (£10.71m). Taxation was lower at £377,000 (£508,000) and after payment of preference dividends the attributable balance is up slightly at £570,000

An increased final dividend of 2.3p (2.1p) net makes a total for the year of 3.4p (3p). Earnings per 25p share are given as 8.5p (8.2p).

Mr. Richard Woolley, chairman, says the strength of the business journals of Benn Publications is confirmed by their record contribution to group turnover. "But, in line with publishing industry trends, production costs of journals increased substantially above the average rate of inflation and so restricted their profitability."

Ernest Benn incurred a loss despite increased sales, sharing in the general difficulties of the book trade, particularly cuts in library and educational spending. The group's investment in this area is being substantially reduced in a determined drive to make a scaled-down operation profitable, Mr. Woolley says.

The Board is not satisfied with the results for 1980, the company's centenary, but remains confident in long-term prospects. It believes the considerable strength of the journals and rigorous cost control will enable the group to cope with difficult trading conditions and take advantage of improvements in the economic situation.

Progress in SA for Cadbury Schweppes

A massive 178 per cent increase from R827,000 to R2.3m in profits is reported by Cadbury Schweppes (South Africa) for the 24 weeks to June 14, 1980. Turnover advanced 38.7 per cent to R18.23m.

The directors point out that the first half's buoyant trading continues the trend of the second half last year. This buoyancy is expected to continue during the current half, although the board does not quantify its expectations.

The interim dividend is raised from 5 cents to 10 cents and has been declared from earnings per share of 29.2 cents (11.6 cents)—last year's total was 23 cents from profits of R4.83m. Part of the dividend increase is to reduce the disparity between the interim and final payments.

Cadbury Schweppes, the UK parent company, has a 66 per cent holding in its South African subsidiary.

English & N.Y. earnings advance

Attributable earnings of **English and New York Trust** came out ahead from £691,687 *to £884,220 for the six months* ended June 30, 1980, giving an equivalent 2.16p per 25p share, against 1.74p.

The interim dividend is increased to 1.75p (1.5p) net and the directors forecast a final of not less than 2.25p (2.1p)—last time a special of 0.4p was also paid, from the year's earnings of £1.67m.

Gross revenue was £1.47m, against £1.19m at midway, expenses amounted to £116,454 (£117,259) and tax took £481,194, compared with £372,599. Preference dividends absorb £8,750.

Valuation of investments was £45.22m (£42.6m), and £40.27m at December 31, 1979. Net asset value per share is given as 109.2p (102.7p) and 96.9p, and 109p (102.4p), and 96.6p, adjusted for loan stock conversion.

R. Smallshaw sees lower year-end profit

ON TURNOVER of £2.45m against £2.66m, pre-tax profits of **R. Smallshaw (Knitwear)** for the half year ended March 31, 1980, fell from £155,000 to £105,000 and directors say that with little likelihood of any improvement in sight, profit for the year will be below the £340,710 for 1978-79.

Difficult trading conditions experienced towards the end of last year continued throughout the first half, with both subsidiaries operating below capacity.

Orders received from the group's major customers for the autumn are at a much reduced level and stocks held awaiting delivery instructions are moving very slowly, the directors state.

The interim dividend is maintained at 0.5p net per 10p share, absorbing £12,500—last year's final payment was 1.25p.

Tax of this knitted outerwear manufacturer took £54,600 compared with £80,600 leaving net profits at £50,400 against £74,400.

BIDS AND DEALS

Kwik-Fit pays over £3m for Firestone depots

Kwik-Fit (Tyres and Exhausts) Holdings is paying more than £3m cash for Firestone Tire and Rubber's 180 retail tyre and exhaust fitting depots in the UK.

Kwik-Fit, based in Scotland, intends to make a thorough review of the sites and only keep those operations which will fit in with its own activities.

It s paying £2.99m for the properties, of which 95 are freehold, and £272,000 for the equipment. The money will be payable on completion late next month.

The company will sell the properties it does not want, and reckons that the deal will eventually add 60 stores to its existing 140 retail depots in the UK, thus giving it the national coverage it seeks.

Kwik-Fit is buying the depots at the written-down book value placed on them by Firestone, which is American owned. They include those formerly in the Albany Tyre group bought by Firestone in 1974.

Mr. Alec Stenson, the chairman of Kwik-Fit, was a cofounder of Albany, while chief executive Mr. Tom Farmer used to be a director. Kwik-Fit boosted pre-tax profits in the year to February 29, 1980, by 74 per cent from £1.15m to £2m.

Last year, it paid £10m for Euro Exhaust, making the enlarged group into the largest operator of tyre and exhaust centres in Europe. This year, said Mr. Stenson at the annual meeting in June, the company is aiming for total turnover of some £25m compared with nearly £16m in 1979-80.

LONDON TRUST

London Trust Company and its *associates have purchased from* Commercial Union Assurance Company £530,000 nominal of capital stock of **The Costa Rica Railway Company** (representing approximately 29.4 per cent of the total issued capital stock) out of CU's holding of £875,874 nominal (48.6 per cent). The price was £55 per £100 nominal of stock.

The panel on take-overs and mergers has confirmed that London Trust and its associates will not be obliged to make a general offer to stockholders of Costa Rica Railways.

It is intended that London Trust will be represented on the Costa Rica Railway Board.

MARTIN THE NEWSAGENT

Martin the Newsagent has acquired the retail outlets of **W. and J. Linney**, the Mansfield-based printing and publishing group. A medium-term loan of £1m has been negotiated by Martins to finance the purchase, and other expansion currently in hand.

The transaction which will be completed on August 18 will allow Linneys to concentrate on expanding its commercial printing, newspaper publishing and wholesale stationery activities.

ICI PENSION FUNDS TAKING GRA OPTION

The **ICI Pension Funds** have given notice to the **GRA Property Trust** that they wish to convert their holding of £563,000 of convertible unsecured loan notes into 11.26m ordinary shares of the trust. On conversion, the funds will own approximately 26.3 per cent of the enlarged share capital.

The funds have no current plans for disposing of the holding.

LEIGH INTERESTS

Leigh Interests has purchased D. P. Effluent Treatment, specialists in treating industrial waste, for £290,000, satisfied by issue of 165,331 ordinary of which 116,607 have been placed through the market.

Further consideration may become payable in cash after September 30, 1982, being not more than half the pre-tax profits of D. P. for the two years to that date, provided profits are not less than approximately £90,000.

Heywood Williams makes U.S. catering disposals

AT THE annual meeting of **Heywood Williams Group**, Mr. Douglas Oliphant, executive chairman, announced that the group had sold to the proprietors of Sheraton O'Hare Hotel, at Chicago airport, its operating restaurant assets at the hotel for a sum of \$960,000. This compared with a book value of \$858,000.

The consideration had been paid wholly in cash which had substantially reduced group borrowings in the U.S. The hotel owners had also agreed to pay \$48,000 per annum for five years in return for advice on the future operations of the restaurant. The restaurant contributed a profit of \$57,000 in respect of the year ended April 29, 1980.

Best Value Inns Booking Service which lost \$288,000 during the year to end April, 1980 and which had a deficiency of net assets of \$121,000 had been handed back to the previous owner on payment to him of \$110,000, the chairman said.

Results of Heywood Williams fo rthe year ended April 30, 1980, which were announced last month, showed an overall pre-tax profit of £1.04m despite U.S. losses of £183,000.

Commenting on the disposals, Douglas Oliphant said that they were the beginning of the plan to substantially reduce borrowings and the investment in the American hotel and restaurant industry which is presently in recession.

RENWICK GROUP

The Renwick Group has completed the purchase of **Jack Powles International Marine and Offshore Yachts International** announced on July 4. The consideration of £250,000 for fixed assets has been satisfied by 604,595 ordinary shares and the consideration for current assets, certified by Renwick's auditors at £284,000, has been met in cash.

APPLEYARD

Agreement has been reached by the **Appleyard Group of Companies**, vehicle and agricultural equipment distributor, for the disposal of the motor sales and service depot at Kirklee Road, Glasgow, including certain fixtures, for £680,000 cash. Notification of the disposal was given on July 1 and completion is expected on October 1.

Govt. approves R-R takeover

THE **Vickers** engineering group's bid of nearly £40m for **Rolls-Royce Motors** was given the green light yesterday by the Government which has decided not to refer it to the Monopolies Commission.

Thus the offer by Vickers, which already has acceptances for just over 75 per cent of the Rolls-Royce ordinary shares, has been declared unconditional and is extended until further notice.

The Department of Trade said yesterday that Mr. John Nott, Secretary of State for Trade, had decided in line with the recommendation of the Director General of Fair Trading not to refer the proposed acquisition.

Vickers' own shareholders gave the deal overwhelming approval at an EGM late last month, though there was strong opposition from Mr. Walter Salomon, the chairman of merchant bank Rea Brothers.

Dealings in the new Vickers shares to be issued under the bid are expected to start today for normal account settlement. Definitive certificates for the shares will be posted on September 1.

Vickers will use the Rolls-Royce name for the cars and diesel engines produced by the motor company, but the holding group will be called Vickers and not Rolls-Royce Vickers as initially planned. This is because Rolls-Royce Limited, the State-owned aerospace company which holds the name's copyright has not given its consent.

LAMONT/McCLEERY

The offer by **Lamond Holdings** for **McCleery L'Amie** has been accepted by holders of 10.99m ordinary shares (89.45 per cent) aud 7,624 preference shares (76.24 per cent).

Prior to the offer, Lamont held 100,000 McCleery ordinary and during the offer acquired 450,000 ordinary. Offers have been extended until August 15.

ASSOCIATES DEAL

De Zoete and Bevan, bought on August 5 300,000 **Corn Exchange** shares at 50½p on behalf of an associate of **British Land Company**.

MINING NEWS

Palabora's good first half

BY KENNETH MARSTON, MINING EDITOR

THE **Rio Tinto-Zinc** group's South African copper-producing **Palabora** has raised its net profit for the half-year to R31.24m (£17.5m), equal to 110 cents per share, from R22.36m in the same period of a year ago.

But it warns that second half results will probably be lower because world economic conditions "militate against a strong and continuing recovery in the copper market in the short term."

This, however, has not prevented Palabora from making a good increase in its second quarterly dividend to 30 cents (16.8p), bringing the half-year total to 55 cents against 42½ cents in the same period of last year.

The latest figures reflect a higher copper price received in the period of R1,878—it averaged £895 on the London Metal Exchange—cif per tonne. Copper production was higher at 55,808 tonnes against 53,090 tonnes a year ago while sales rose to 58,981 tonnes from 57,022 tonnes.

Palabora's approved capital expenditure—a tax offset in South Africa — advanced to R30.9m against R11.9m.

Apart from economic considerations, a major factor for Palabora's copper price in the current half year must be how long the current North American copper miners' strike continues. Copper prices in London have been running at over £900 since June 30.

ROUND-UP

Japan's **Idemitsu Kosan** is to partner **Urangesellschaft** of West Germany in exploring for uranium reserves in Australia. The Australian subsidiary of Uran already holds mining rights in the country. The two companies expect exploration to begin soon, they said.

* * *

The small Perth-based exploration company **Nickelore** is seeking to raise A\$1m (£500,000) by means of a one-for-two renounceable rights issue at par of 30 cents to maintain the financing of its 30 per cent stakes in the Great Fingall and Big Bell gold prospects in Western Australia.

This is the company's second rights issue this year, following the one-for-one announced in January. **Australian Consolidated Minerals** intends to take up its entitlement in order to maintain its 26 per cent stake in Nickelore.

NEWMOUNT JOINS MOUNT RAWDON GOLD VENTURE

TERMS HAVE been agreed for the entry of **Newmont Holdings**, the Australian subsidiary of **Newmont Mining** of the U.S., into the Mount Rawdon gold venture in Queensland. The other partners in the venture are **Samantha Exploration** and **Samson Exploration**, both of Australia.

Newmont replaces another American company, **Getty Oil**, which withdrew from the venture, near Bundaberg, after an evaluation programme.

The study indicated that Mount Rawdon had probable ore reserves of around 12m tonnes, grading a low 1.7 grammes of gold per tonne, and a higher tonnage of even lower grade material. Getty said that it was withdrawing because the prospect did not meet its economic objectives.

Newmont already operates the Telfer open cut gold mine in Western Australia, which has a much richer ore grade of more than nine grammes per tonne.

Samantha and Samson indicated at the time of Getty's departure that they considered the project viable, and wuold each take a 50 per cent stake.

Brinco's change of ownership

FURTHER details are announced of the plan whereby control of the Canadian **Brinco** subsidiary of London's **Rio Tinto-Zinc** will pass into Canadian hands, thus enabling Brinco to complete its proposed purchase of a majority interest in the *British Columbia* asbestos-producing **Cassiar Resources**.

As reported yesterday, Brinco has taken an option to purchase for C\$52m (£19m), or C\$16 per share, some 59 per cent of Cassiar from the latter's major shareholders, the UK **Turner and Newall** and **J. H. Industries (UK)**, the U.S. **Newmont Mining**, and **Raybestos-Manhattan** and Australia's **James Hardie Industries**. The option requires Brinco subsequently to make a similar offer to all other shareholders in Cassiar.

First, however, Brinco has to become an eligible Canadian-controlled company under the Foreign Investment Review Act. It is thus proposed that **Olympia and York Developments**, a private real estate company based in Toronto, will acquire some 50.1 per cent of Brinco's voting share capital which would lift the total Canadian ownership to about 74 per cent from its present 29 per cent.

The Olympia and York acquisition will be made by the purchase of Brinco shares from RTZ's **Tinto Holdings Canada**, **Bethlehem Steelfi Marubeni** and **Fuji Bank**.

Payment would be made in two stages, the first being based on a price of C\$7.50 per share (equal to some C\$90m) and the second, in three to five years' time, on a market related price.

Olympia and York would also subscribe for an issue of new Brinco convertible preference shares. After the deal and preference conversions, RTZ's beneficial interest in Brinco would fall to about 23 per cent from 52 per cent.

OIL AND GAS NEWS

New fields for Caltex Indonesia

BY GEORGE MILLING-STANLEY

INDONESIA'S largest oil producing company, **Caltex Pacific Indonesia**, has brought seven new fields into production during the first half of the year, *with a total output of 42,000* barrels per day.

The new capacity will help Caltex to maintain its production of around 750 bpd this year, which represents almost half of the country's total output.

Caltex is a subsidiary of the American oil majors **Texaco** and **Standard Oil of California**, and operates under a production-sharing contract with **Pertamina**, the State-owned oil corporation.

The largest of the new fields is at Beruk, in central Sumatra, and is currently producing 23,000 bpd from 10 wells. Caltex plans to invest US\$89.2m (£38m) in an oil recovery project to link Beruk with the Zamrud field. The project is expected to boost production to 80,000 bpd by 1983.

* * *

America's **El Paso Exploration** has completed a test drilling in the Anadarko Basin in Oklahoma. The No. 1 Rogers well flowed gas at a daily rate of 5.4m cu ft at a pressure of 9,700 psi. The test covered the interval between 15,804 ft and 15,864 ft.

El Paso is the operator for the concession and currently owns about 75 per cent of the well. This will fall to 60 per cent once production begins.

* * *

An oil well drilled by **Philippines Cities Service** off Palawan Island in the western Philippines has recorded a preliminary unstabilised flow rate of 1,150 bpd, according to Geronimo Velasco, Energy Minister.

The well was spudded on June 27 and has now reached a total depth of 5,200 feet. It is the third discovery by the company in the Matinloc-Cadlao field northwest of Palawan Island.

* * *

Alliance Oil Development Australia has begun tests to evaluate the potential of several intervals in the Mirrica No. 1 well in the Simpson Desert's South Eastern Georgina Basin. The well has recorded gas shows in several fractured zones on the way to its target depth of 3,314 metres.

Following completion of the well, Alliance no whas a 40.5 per cent interest in Permit 160P, in which it is located. Other interests are **Merlin Oil** (15 per cent), **Metals and Energy Minerals** (12 per cent), **Mid East Minerals** (9 per cent), **Pan Pacific Minerals** (6 per cent), **Archean Oil** (5 per cent), **Cultus Pacific** (5 per cent), **Metramar Minerals** (5 per cent) and **Faywin Investments** (2.5 per cent).

* * *

The Dullingari Murta No. 2 appraisal well in South Australia's Cooper Basin has reached 4,954 feet out of its targeted depth of 5,200 feet. The well is being drilled to probe possible extensions of the Dullingari Jurassic oil accumulation. The No. 1 well recently flowed oil at a rate of 750 bpd.

Interests in Dullingari are **Santos**, with 50 per cent, **Delhi Petroleum** (operator) with 30 per cent, **Vamgas** with 10 per cent and **South Australian Oil and Gas** with 10 per cent.

* * *

Elf-Aquitaine of France is to invest \$40m (£17m) in exploring a new area offshore Angola, according to the Angolan news agency Angop. Under the terms of a contract signed with the Angolan state oil company **Sonangol**, Elf is to drill at least eight exploratory wells in the No. 3 block over the next three years.

Angop said that further investment by Elf depends on drilling results.

Elf holds a 50 per cent stake in a consortium which includes U.S., Italian and Yugoslavian companies and which has been licensed by Angola to explore and operate the area.

Laporte rationalisation

The rationalisation programme at **Laporte Holding's** titanium dioxide plant at Stallingborough will cost it around £2.5m in redundancy payments and special depreciation.

Laporte, which said in June that the recession was affecting demand for some of its chemical products, gave the figure in a circular on its £3.75m agreed bid for Bio-Kil Chemicals for which formal documents were sent out yesterday.

The Stallingborough cuts will mean the possible loss of 450 to 500 jobs, with the rationalisation *expected to take 15 months.*

SHARE STAKES

Cattle's (Holdings) — S. K. White, director, sold 50,000 shares on July 31 at 36p and further 50,000 on August 4 at 36p.

A. G. Stanley Holdings—Berger Jenson and Nicholson has purchased 25,000 ordinary shares, making holding 3,081,287 (12.2 per cent).

Parambe—R. C. A. Shaw has reduced his holding to less than 5 per cent of the ordinary.

Prestwich Parker — Heywood Motors and Associates are now the holders of 280,000 shares (12.4 per cent).

George M. Callender and Co.—A contract to purchase 60,000 *shares at 27p was entered into* by H. C. Engert, director, on July 31; his holding is now 680,091 (10 per cent).

Tern Consulate — The ITC Pension Trust jointly with ITC Pension Investments holds 200,000 shares (8.55 per cent).

Tranwood Group—E. Carmeli now holds 500,000 ordinary shares (5.2 per cent).

Stoddard Holdings—Hampton Corporation Inc. of Panama has increased its holding to 121,000 ordinary—13.55 per cent.

Tomatin Distillers Company—Prudential Corporation Group now holds 282,500 ordinary (5.23 per cent). These shares were *held by the Prudential Corporation* Limited, as nominees for Prudential Pensions who are the beneficial owners.

Anglo-Argentine Tramways—Establishment Plambuit now holds 535,000 shares (13.375 per cent).

Automated Securities—London Trust Company has disposed of 200,000 ordinary shares reducing holding to 800,000 (9.3 per cent).

Minster Assets—Hill Samuel and Co. now holds 1,265,000 shares (3.7 per cent), against 1,865,000 (5.45 per cent) previously.

Kellock Trust—J. N. Oppenheim, director, has purchased 46,688 ordinary and 48,978 variable rate convertible preference shares. General Scottish Trust has disposed of 25,444 ordinary (8.83 per cent) reducing its holding to nil.

Companies and Markets

CURRENCIES, MONEY and GOLD

£ strong, $ weak

Sterling remained very firm in the foreign exchange market yesterday as a continuing reaction to the latest UK banking figures and the current easing of U.S. interest rates. The sharp growth in money supply has put an end to speculation of an early cut in Bank of England Minimum Lending Rate, and pushed up the pound against a steadily weakening dollar. Sterling opened at $2.3625-2.3635, and fell to $2.3615-2.3625, but improved to $2.3680-2.3690 at noon. After lunch the pound continued to advance to $2.3725-2.3735, but eased to 2.3695-2.3705, before buying from New York pushed it to $2.3745-2.3755 at the close, a rise of 2 cents, and the highest level of the day. On Bank of England figures, sterling's trade-weighted index rose to 75.2 from 74.9, after opening at 74.9 and rising to 75.1 at noon.

The downward trend in U.S. domestic interest rates, and another downturn in Eurodollar rates depressed the dollar, which finished near its lowest level of the day against most major currencies. It fell to DM 1.7685 from DM 1.7760 against the D-mark, to SwFr 1.6290 from SwFr 1.6410 in terms of the Swiss franc, and to Y225.25 from Y226.25 against the Japanese yen. The dollar's index, as calculated by the Bank of England, fell to 84.2 from 84.4.

D-MARK—One of the weaker members of the European Monetary System recently, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. Over the last few months tight Bundesbank monetary policy and the sharp decline in U.S. rates led to a decline of the dollar against the German currency—The D-mark remained weak within the EMS, declining slightly against its central rate. The German currency showed mixed changes at the Frankfurt fixing, improving against the dollar but losing ground to sterling and the Swiss franc. Although the dollar fell to DM 1.7708 at the fixing from DM 1.7753, the U.S. unit was slightly firmer than the opening level of DM 1.7680. The Bundesbank did not intervene at the fixing, and was probably not active in the open market. Sterling rose to DM 4.1970 from DM 4.1820, and the Swiss franc to DM 1.0859 from DM 1.0832. Among EMS currencies the French franc improved to DM 43.185 per 100 francs from DM 43.125, but the lira fell to DM 2.118 per 1,000 lira from DM 2.121.

FRENCH FRANC—Remaining firm at the top of the EMS, despite a worsening balance of payments position and the recent easing of French interest rates, but now more closely followed by the Irish punt and Dutch guilder—The franc advanced against its EMS partners at the Paris fixing, rising against the D-mark, lira, Dutch guilder, Irish punt, Danish krone, and Belgian franc. Two major European currencies outside the system, sterling and the Swiss franc, gained ground in terms of the French currency, however, while the dollar and Japanese yen weakened.

JAPANESE YEN — Showing weaker trend once again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen advanced slightly in light Tokyo trading. The dollar eased to Y225.65 from Y226.20, after opening at Y226.00, with no news factors to influence the market.

THE POUND SPOT AND FORWARD

Aug. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3615-2.3755	2.3745-2.3755	1.70-1.60c pm	8.34	4.02-3.92 pm	6.69
Canada	2.7285-2.7455	2.7440-2.7450	1.65-1.55c pm	6.99	4.15-4.05 pm	5.97
Nethlnd.	4.56½-4.59	4.57½-4.58½	3⅜-2⅝c pm	6.88	8⅜-7⅜ pm	6.66
Belgium	66.75-67.20	67.05-67.15	30-20c pm	4.47	73-63 pm	4.05
Denmark	12.95-13.02	13.00-13.01	1¼ore pm-¼ dis	0.35	2⅞-4⅜ dis	−1.11
Ireland	1.1075-1.1140	1.1125-1.1135	0.03-0.08p dis	−0.59	0.02-0.08dis	−0.18
W. Ger.	4.17½-4.21½	4.19¾-4.20¾	3⅞-2⅞pf pm	9.64	9½-8½ pm	8.57
Portugal	116.10-117.10	116.80-117.00	60c pm-15 dis	1.80	105 pm-par	1.80
Spain	168.90-170.45	170.30-170.40	15c pm-40 dis	−0.88	55-145 dis	−1.06
Italy	1,973-1,985	1,983-1,984	12-15 lire dis	−8.17	45¼-48¼ dis	−9.43
Norway	11.49-11.55	11.53½-11.54½	8⅞-7¼ore pm	8.19	19½-18¼ pm	6.54
France	9.68-9.74	9.72-9.73	5-4c pm	5.55	12¼-11¼ pm	4.83
Sweden	9.81-9.87½	9.86-9.87	3½-2½ore pm	3.57	8¾-6⅞ pm	3.14
Japan	530-538	534½-536½	2.25-1.85y pm	4.60	3.40-3.00 pm	2.39
Austria	29.66-29.85	29.80-29.85	17-14gro pm	6.24	41-35 pm	5.10
Switz	3.84½-3.88½	3.86½-3.87½	4¼-3¼c pm	11.63	11-10 pm	10.86

Belgian rate is for convertible francs. Financial franc 67.50-67.60. Six-month forward dollar 6.20-6.10c pm, 12-month 8.25-8.15c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3615-2.3755	2.3745-2.3755	1.70-1.60c pm	8.34	4.02-3.92 pm	6.69
Ireland†	2.1270-2.1340	2.1295-2.1325	1.50-1.40c pm	8.17	3.75-3.65 pm	6.95
Canada	1.1550-1.1565	1.1550-1.1553	0.08-0.11c dis	−0.99	0.13-0.17dis	−0.52
Nethlnd.	1.9280-1.9315	1.9300-1.9315	0.05-0.15c dis	−0.62	0.22-0.12 pm	0.35
Belgium	28.22-28.30	28.23-28.25	7-8½c dis	−3.29	17-20 dis	−2.62
Denmark	5.4765-5.4840	5.4790-5.4805	3.60-4.10ore dis	−8.43	10½-11 dis	−7.85
W. Ger.	1.7680-1.7745	1.7680-1.7690	0.16-0.12pf pm	0.95	0.82-0.77 pm	1.80
Portugal	49.10-49.40	49.23-49.33	15-35c dis	−6.09	40-90 dis	−5.27
Spain	71.54-71.75	71.68-71.73	65-85c dis	−12.55	205-230dis	−12.13
Italy	835.25-835.75	835.30-835.60	11½-13c dis	−17.59	33-36 dis	−16.52
Norway	4.8575-4.8625	4.8580-4.8595	0.40-0.90ore dis	−1.60	0.35-0.85dis	−0.49
France	4.0940-4.1050	4.0940-4.0960	0.88-0.98c dis	−2.72	1.87-2.02dis	−1.89
Sweden	4.1505-4.1545	4.1525-4.1535	1.65-1.80ore dis	−4.98	3.80-3.95dis	−3.73
Japan	225.15-226.20	225.20-225.30	0.65-0.80y dis	−3.86	1.40-1.55dis	−2.62
Austria	12.54-12.56½	12.55½-12.56½	2.00-2.60gro dis	−2.20	4.00-5.75dis	−1.55
Switz.	1.6270-1.6355	1.6285-1.6295	0.52-0.47c pm	3.65	1.97-1.92 pm	4.77

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 6	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.2	−31.0
U.S. dollar	84.2	−9.5
Canadian dollar	81.6	−16.6
Austrian schilling	157.2	+24.5
Belgian franc	116.2	+14.0
Danish kroner	107.4	−4.1
Deutsche mark	155.4	+44.2
Swiss franc	199.0	+79.8
Guilder	126.3	+20.1
French franc	102.1	−5.4
Lira	53.4	−51.1
Yen	125.9	+24.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.558990	0.603326
U.S. $	10	1.31659	1.42083
Canadian $	10.31	1.52356	1.64334
Austria Sch	6¾	16.5601	17.8528
Belgium F	12	37.3155	40.2877
Danish K	13	7.23532	7.82169
D'mark	7½	2.33734	2.52482
Guilder	9	2.54892	2.75301
French Fr.	9½	5.41941	5.85241
Lira	15	1102.97	1190.30
Yen	9	297.549	321.066
Norwgn. Kr.	9	6.41508	6.92159
Spanish Pts.	8	94.3389	101.952
Swedish Kr.	10	5.48320	5.91522
Swiss Fr.	3	2.15987	2.33258

OTHER CURRENCIES

Aug. 6	£	$		£ Note Rates
Argentina Peso	4465-4485	1885-1895	Austria	29.55-29.85
Australia Dollar	2.0500-2.0540	0.8645-0.8650	Belgium	67.00-67.50
Brazil Cruzeiro	125.95-127.95	53.68-53.88	Denmark	12.95-13.05
Finland Markka	8.59-8.60	3.6260-3.6270	France	9.66-9.72
Greek Drachma	100.316-102.747	42.60-42.75	Germany	4.17½-4.20½
Hong Kong Dollar	11.70½-11.72¾	4.9400-4.9420	Italy	1940-2040
Iran Rial	n.a.	n.a.	Japan	535 540
Kuwait Dinar (KD)	0.631-0.637	0.2676-0.2677	Netherlands	4.54½-4.57½
Luxembourg Frc.	67.05-67.15	28.23-28.25	Norway	11.45-11.55
Malaysia Dollar	5.0925-5.1025	2.1460-2.1500	Portugal	113-117
New Zealand Dlr.	2.4230-2.4280	1.0215-1.0225	Spain	164-170½
Saudi Arab. Riyal	7.82-7.88	3.3130-3.3180	Sweden	9.80-9.90
Singapore Dollar	5.0425-5.0525	2.1270-2.1290	Switzerland	3.85½-3.88½
Sth. African Rand	1.8050-1.8075	0.7600-0.7610	United States	2.36¼-2.37¼
U.A.E. Dirham	8.69-8.75	3.6850-3.6910	Yugoslavia	63¼-69¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3566	+1.42	+0.46	±1.53
Danish Krone	7.72336	7.82072	+1.26	+0.30	±1.64
German D-Mark	2.48208	2.52585	+1.76	+0.80	±1.125
French Franc	5.84700	5.84876	+0.03	−0.93	±1.3557
Dutch Guilder	2.74362	2.75374	+0.37	−0.59	±1.512
Irish Punt	0.668201	0.669128	+0.14	−0.82	±1.668
Italian Lira	1157.79	1193.03	+3.04	+2.34	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 6	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.375	4.203	535.0	9.725	3.870	4.580	1984.	2.745	67.10
U.S. Dollar	0.421	1.	1.769	225.3	4.095	1.629	1.928	835.2	1.156	28.25
Deutschemark	0.238	0.565	1.	127.3	2.314	0.921	1.090	472.0	0.653	15.97
Japanese Yen 1,000	1.869	4.439	7.855	1000.	18.18	7.234	8.561	3707.	5.130	125.4
French Franc 10	1.028	2.442	4.321	550.1	10.	3.979	4.710	2040.	2.822	69.00
Swiss Franc	0.258	0.614	1.086	138.2	2.513	1.	1.183	512.5	0.709	17.34
Dutch Guilder	0.218	0.519	0.918	116.8	2.123	0.845	1.	433.1	0.599	14.65
Italian Lira, 1,000	0.504	1.197	2.119	269.7	4.903	1.951	2.309	1000.	1.384	33.83
Canadian Dollar	0.364	0.865	1.531	194.9	3.543	1.410	1.669	722.7	1.	24.45
Belgian Franc 100	1.490	3.539	6.263	797.3	14.49	5.768	6.828	2956.	4.090	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 6)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 7/8	offer 10	bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	17-17¼	8⅝-8⅞	9-10	9⅞-10⅛	12-14	8 1/16-8 3/16	12-12¼	16-21	8¾-8⅞	12¼-12½
7 days' notice	17⅛-17⅜	9-9¼	9-10	9¾-10	5¾-6¼	8 1/16-8 3/16	12-12¼	25-30	9 1/16-9 3/16	12¼-12½
Month	17⅝-17⅞	9 5/16-9 7/16	10¼-10⅝	9⅝-9⅞	5 5/16-5 7/16	8 3/16-8 5/16	12-12¼	24½-27	9⅛-9¼	12⅜-12⅝
Three months	16½-16¾	9⅞-10⅛	10⅜-10¾	9⅜-9⅝	5¼-5⅜	8⅛-8¼	11 15/16-12 1/16	25-26	9 11/16-9 13/16	12⅛-12⅜
Six months	15½-15¾	10 1/16-10 5/16	10 15/16-11 3/16	9⅛-9⅜	5⅛-5¼	7¾-7⅞	11 15/16-12 1/16	25-26	10⅛-10¼	11½-11⅝
One Year	14⅛-14⅜	10½-10¾	10 15/16-11 3/16	9⅛-9⅜	5⅛-5¼	7¾-7⅞	11¾-12	22¼-23¼	10 7/16-10⅜	10-10¼

Long-term Eurodollar two years 11-11¼ per cent; three years 11¼-11½ per cent; four years 11½-11¾ per cent; five years 11¾-12 per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.45-9.55 per cent, three-months 9.55-9.65 per cent; six-months 9.65-9.75 per cent; one year 10.00-10.10 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates ease

Dutch money market rates showed a slightly easier trend yesterday after Tuesday's sharp rise. Call money was unchanged at 10-10½ per cent, with one-month quoted at 9⅞-9⅞ per cent, compared with 9¾-10 per cent; three-month at 9⅜-9⅞ per cent, against 9⅜-9⅞ per cent; and six-month at 9⅝-9⅞ per cent compared with 9⅝-9⅞ per cent. The firmness this week reflects growing support for the idea that the Dutch central bank is unlikely to make another cut in its discount rate in the immediate future, although the next move is still expected to bring a further reduction in the discount rate unless there are untoward developments in the European Monetary System.

Uncertainty still surrounds German monetary policy and the present weakness of the D-mark. A cut in the Bundesbank's discount rate has been expected, but any further pressure on the D-mark may call for a tightening of German interest rates, and corresponding action among other EMS members. Under these circumstances the central banks in the Netherlands and Belgium, both of which cut their discount rates last month, may prefer to await developments.

In Frankfurt yesterday, short-term rates were generally easier, with call money falling to 9.25-9.35 per cent from 9.30-9.50 per cent. On the other hand six-month and 12-month money were firmer, with the latter rising to 8.40-8.50 per cent from 8.20-8.35 per cent.

MONEY RATES

NEW YORK

Prime Rate	10¾-11
Fed. Funds	7½-8
Treasury Bills (13-week)	8.68
Treasury Bills (26-week)	8.68

GERMANY

Discount Rate	7.5
Overnight Rate	9.30
One month	9.50
Three months	9.25
Six months	8.80

FRANCE

Discount Rate	9.5
Overnight Rate	11.625
One month	11.5625
Three months	11.5
Six months	11.375

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.5
Bills Discount (three-month)	12.6875

UK MONEY MARKET

Moderate shortage

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

Day-to-day credit remained in short supply in the London money market yesterday, and the authorities gave moderate assistance by buying a moderate amount of Treasury bills and a small number of local authority bills from the discount houses.

Banks brought forward small surplus balances, and large Government disbursements exceeded revenue payments to the Exchequer. These were outweighed by the unwinding of a very large sale and repurchase agreement, and repayment of the small amount borrowed on Tuesday.

Discount houses paid up to 15¾ per cent for secured call loans, with closing balances taken at 14-15 per cent. In the interbank market overnight loans traded between 14-14½ per cent and 16-16½ per cent, before closing at 15-15½ per cent.

GOLD

Slight fall

Gold fell $2 in fairly quiet London bullion trading to $626-$629. It opened at $628-$631, the highest level of the day, and was fixed at $628.50 in the morning, and $627.75 in the afternoon. The lowest point touched was $624½-$626½ in the afternoon, but the market was generally dull and featureless.

In Paris the 12½ kilo gold bar was fixed at FFr 83,700 per kilo ($635.11 per ounce) in the afternoon, compared with FFr 84,000 ($636.46) in the morning, and FFr 85,300 ($644.54) Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,865 per kilo ($629.97 per ounce), compared with DM 36,280 ($635.95) previously, and finished at $627-630, against $630-633 o n Tuesday.

In Zurich gold closed at $625-$628, compared with $626-$629.

	Aug. 6		Aug. 5	
Gold Bullion (fine ounce)				
Close	$626-629	(£263¾-265¼)	$628-631	(£266½-268)
Opening	$628-631	(£265½-267)	$634-637	(£268½-270)
Morning fixing	$628.50	(£265.582)	$635.50	(£269.565)
Afternoon fixing	$627.75	(£264.762)	$630.50	(£267.558)
Gold Coins				
Krugerrand	$646-649	(£272¼-274¼)	$647-650	(£274½-276½)
Mapleleaf	$641-644	(£269-272)	$643-646	(£272-274)
New Sovereigns	$158¾-159¾	(£66¾-67¾)	$159-160	(£67½-68½)
King Sovs.	$187-189	(£78½-79½)	$186-188	(£79-80)
Victoria Sovs.	$187-189	(£78½-79½)	$186-188	(£79-80)
French 20s	$162½-165½		$162½-165½	
50 pesos Mexico	$776-780		$779-783	
100 Cor. Austria	$613-617		$617-622	
$20 Eagles	$751-755		$753-758	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 6 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	14-16½	—	—	—	15⅞-16¾	14-15⅞	—	—	—
2 days notice	—	—	16⅞-17	—	—	—	—	—	—	—
7 days or 7 days notice	—	16⅝-17	16⅞-17	—	17	17¼-17⅜	15⅝-15⅞	—	—	—
One month	17-16 11/16	16⅞-17¼	16⅞-17	17½-18	17¼	17 5/16-17⅜	15⅝-15 11/16	14 9/16-14⅝	16⅝	17¼
Two months	16⅞-16⅝	16¾-17		16⅛-17½	17⅛	—	15⅜-15½	14 11/16	16¼-16 7/16	16¾
Three months	16⅜-16⅛	16¼-16 9/16	16¼-16⅝	16⅝-16⅞	16⅞	16⅜-16¾	15⅛	14⅞	15⅝-15 11/16	16¼
Six months	15½-15¼	15⅜-15½	15¼-15⅜	14⅞-15⅝	15⅞	15⅞	—	—	14½-14 11/16	15⅛
Nine months	14⅞-14 11/16	14¾-15 1/16	—	14¾-15¼	15¼	15½	—	—	—	—
One Year	14⅛-13 15/16	14⅛-14⅜	13¾-14⅜	14⅛-14½	14½	14⅜	—	—	—	—
Two years	—	—	13⅛-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 13-13½ per cent; four years 12⅞-13⅛ per cent; five years 12⅞-13⅛ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 5/16-15⅜ per cent four-month trade bills 16⅛ per cent.

Approximate selling rate for one-month Treasury bills 14 7/16-14⅜ per cent; two-months 14 9/16-14½ per cent; three-months 14⅝-14 11/16 per cent. Approximate selling rate for one-month bank bills 16⅛ per cent two-months 16⅛-16 3/16 per cent; three-months 15½-15 9/16 per cent; one-month trade bills 17 per cent two-months 16½ per cent and three-months 16 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.7076 per cent.

APPOINTMENTS

Retail manager for BP Oil

Mr. Maurice Garwood has been appointed retail manager of BP OIL in succession to Mr. Geoffrey Sheppard. Mr. Garwood joined Shell-Mex and BP in 1948. In 1975, he was appointed director and general manager of Sealand Petroleum Company, a newly-formed wholly-owned subsidiary company of BP Oil. Mr. Sheppard was recently appointed managing director of Alexander Duckham and Co.

Mr. Maurice Garwood

Mr. John Mottram has been appointed group financial director and joins the Board of the holding company, HUTCHINSON LIMITED. Mr. Brian Perman also joins the holding company Board and they will both act as joint deputies for the chief executive, Mr. Charles Clark.

To strengthen communication between the companies, a Hutchinson executive Board has been established comprising: Mr. Clark (chairman), Mr. Mottram, Mr. Perman, Mr. Roger Lloyd-Taylor, Mr. Mark Cohen, Mr. Graham Lane, Mr. John Rodger and Mr. Charles Willis. The deputy chairman, Mr. Jeremy Potter, and the group financial director of LWT, Mr. Peter McNally, who are both members of the holding company Board, will also be members of the executive Board.

Mr. Peter Lake has been appointed director of marketing and business development—European operations at ITEK INTERNATIONAL. Previously he was managing director AM International UK.

OGILVY AND MATHER DIRECT RESPONSE, London, has reformed its board as follows: Mr. Frank Goozee, chairman and chief executive; Mr. Andrew White, managing director; Mr. Keith Yea, vice-chairman; Mr. Michael Balmforth, director; Mr. Martin Beard, creative director; and Mr. Alan Lenton, financial director.

Mr. T. Eric Platt has joined the board of KNIGHT WEGENSTEIN and will be responsible for executive search and selection in the UK.

Following the announcement of his forthcoming appointment to the board of Thorn EMI, and to avoid any resultant conflict of interest, Sir William Barlow has resigned as a director of GLYNWED.

Mr. Nigel Balpitt has been appointed director of BURROUGHS MACHINES, the British subsidiary of computer manufacturers Burroughs Corporation.

Mr. Gwilym J. Evans, managing director for European operations of the Eaton Leonard Corporation has been appointed vice-president of the EATON LEONARD CORPORATION, Carlsbad, California, U.S.

Mr. Garrett F. Bouton has been appointed chief executive and managing director of SCANDINAVIAN BANK.

Mr. Ronald Trueman has been appointed managing director of STAALHANDEL LUBECK (UK). Mr. Trueman, formerly managing director of Tioga Pipe Supply, will be responsible for the company's sales and administration and based at the company's new headquarters in Woking.

SANSUI ELECTRONICS (UK) has been formed as a wholly-owned subsidiary of the Sansui Electric Company, Tokyo. The company will take over the business previously handled by the UK branch of Sansui Audio Europe NV. Mr. Motohisa Miyake, managing director of the parent concern, has been elected president of Sansui Electronics (UK). Mr. Ken Hoshino, vice-president of Sansui Audio Europe joins the board. Mr. Hisao Aso, Sansui's UK director and general manager, has been appointed managing director. Director and company secretary is Mr. Y. Nakamura.

Mr. Antoine Saadi has been appointed vice-president of CITIES SERVICE S AND T EUROPE/AFRICA COMPANY, a wholly-owned subsidiary of Cities Service Company, Tulsa. He is based in the London office of Cities Service's petroleum products group. As international supply manager, his area of activities include the Middle East, Europe and Africa.

Professor Aubrey L. Diamond, Professor of Law and Director of the Institute of Advanced Legal Studies of the University of London, has been appointed chairman of the INDEPENDENT BROADCASTING AUTHORITY'S ADVERTISING ADVISORY COMMITTEE. He succeeds Professor Royston M. Goode who has retired. Professor Diamond is president of the National Federation of Consumer Groups and vice-president of the Institute of Trading Standards Administration. With Mr. Gordon Borrie, the director general of Fair Trading, he is co-author of a standard work on consumer affairs.

Mr. Garrett F. Bouton

Mr. John Woodcock has been appointed a director of the main board of the POCHIN CONSTRUCTION GROUP, Middlewich, Cheshire.

Mr. John Peace has been appointed managing director of SEATON CHEMICAL DEVELOPMENTS and a director of Microfine Minerals and Chemicals, Derby.

Mr. A. R. L. Escombe has been appointed an executive director of the PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

CONTRACTS

NCB order £4.4m coal preparation plant

The National Coal Board (North Derbyshire area) has awarded a contract valued at £4.4m to SIMONACCO, Carlisle, for a coal preparation plant at Renishaw Park Colliery. It will incorporate a 240-tons/hour Baum washbox. The plant is due for commissioning in October, 1981.

A major order for universal test equipment, built and marketed by BRITISH AEROSPACE'S Weybridge-Bristol division, has been received from the Romanian national airline TAROM. The equipment, worth almost £500,000, will be installed within the airline's facilities at Otopeni Airport, Bucharest, as part of a programme to update maintenance facilities. The equipment is configured and programmed initially to check-out the avionics on TAROM's fleet of BAC One-Eleven—currently four 400 series and five 500 series aircraft, plus the three 400 series of the other Romanian operator LAR.

FERRANTI RESIN and Conder Hardware have signed an agreement under which Ferranti Resin will supply Conder Hardware with a number of spiral wound glass reinforced plastic tanks of up to 2.5 metres in diameter. The contract will be worth in the excess of £500,000 in the first year.

TALBOT Solaras worth over £200,000 have been ordered and delivered to Hertz Rent A Car in a record 48 hours by Talbot dealer Tom Garner Motors of Manchester. Of the 50 LS 1.6 models ordered, ten were prepared and delivered to Hertz' Glasgow office within 24 hours, and by the next day the remaining vehicles had been delivered to Glasgow and Manchester and the total value of Talbot vehicles had been rented out. This brings ordered by Hertz in the past six weeks to over £500,000.

TITANIUM INTERNATIONAL, Solihull, based stockist of special metals, has signed a contract with Plessey Capacitors, of Towcester, worth £400,000. The order is for tantalum sheet and tantalum powder, to be used on the manufacture of capacitors.

PETER BROTHERHOOD, Peterborough, has been awarded an order worth £200,000 by Howaldtswerke-Deutsche Werft in Germany for two waste heat recovery turbo-generating sets to be installed at Kiel Shipyard in ships owned by the Norwegian company Leif Höegh.

ACUTECH, Maidstone, plastics toolmaker, has been awarded a £130,000 contract to design tooling and supply equipment for a Celuka extrusion line for Brickwood Holdings Pty., Victoria, Australia.

F. W. Woolworth and Co. has ordered a CMC multiple processor keying system worth £116,260 for installation at its Rochdale computer centre next month.

A £110,000 turnkey contract for the installation of a multi-fuel boiler has been won by DANKS OF NETHERTON. The contract, placed by clutch and brake lining manufacturer Ferodo, Chapel-en-le-Frith, is for a Metricoal 3-pass boiler rated at 20,000 lb/hr of steam when burning coal and at 30,000 lb/hr on either oil or gas fuel. The boiler is designed for easy changeover of fuel. Pressure in both cases is 190 psig.

GEC TELECOMMUNICATIONS has received more than £1.2m-worth of orders from British Rail for the railway modernisation programme. The orders include £750,000-worth of 12-circuit carrier-on-cable equipment and 30-channel PCM equipment in preparation for the introduction of more-advanced electric locomotives in the Midland Region.

An order worth around £500,000 for fluidised bed combustion boilers has been awarded to NEI THOMPSON COCHRAN by the NCB. NEI will provide the boilers to the Stillingfleet mine on the Selby coalfield. The contract covers three 5m btu/hr fluidised bed coal-fired boilers for the pit-head baths and surface heating systems.

PLENTY MIRRLEES PUMPS has won an export order, valued in excess of £350,000, for 150 positive displacement pumps for the Iraq State Organisation for Distributing Oil and Gas Products.

Coventry Provident Building Society has ordered a £140,000 PHILIPS PTS 6000 terminal system to link its branches to its new ICL ME 29 mainframe computer.

Beans Foundries, part of the foundries division of BL Components, has ordered its third semi-drum type, channel induction furnace from BIRLEC. The new furnace, with a 35-tonne capacity, will be used in a duplexing role alongside the two existing furnaces of similar design. It will receive cupola melted iron, superheat and then hold it at casting temperature. The order also covers modernisation of the existing installation including the updating of the furnace electrical equipment. The total order is valued at around £180,000.

Contracts worth over £3m have been awarded to EDWARDS HIGH VACUUM INTERNATIONAL for the manufacture of freeze drying equipment for the USSR, Japan and Algeria. EAV, Milan, will supply four sophisticated freeze drying plants for the USSR's Ministry for Medical Industry through Techmashimport in Moscow. Also for Techmashimport, Edwards Kniese Hochvakuum is building freeze drying systems which will provide 25 square metres of freeze drying space. Shionogi of Japan has placed the order for a fourth system. For Algeria's largest and most modern pharmaceutical facility currently being built near Medea, Edwards, Milan, is supplying 85 square metres of freeze drying facility for bulk production of antibiotics.

A new design of TIR trailer, with a high volume load capacity up to 79 cu metres, has been ordered by Ferrymasters for the company's international door-to-door haulage services. Worth more than £1.5m, these new "Highcubes" have a straight frame over the trailer total 12 metres internal deck length. Orders have been placed with TIDD for semi-trailers, and with TASKERS for semi-trailers.

Digital Equipment advances strongly

By Our Financial Staff

DIGITAL EQUIPMENT, the leading mini-computer maker, pushed net profits ahead by almost 36 per cent from $61.73m to $83.78m in its final quarter with its strong order trend showing no "meaningful" sign of weakness as a result of the economic recession.

Sales for the quarter to June 28 were up by 33 per cent to $699.4m and earnings per share came out at $1.73 against $1.40 previously.

For the year, total profits advanced by 40 per cent from $178.43m, or $4.10 a share, to $249.86m, or $5.45 a share. Sales for the 12 months were $2.4bn compared with $1.8bn previously

The strong trend in orders at Digital was apparent both in the U.S. and overseas, the company said. While it remained cautious about any possible weakness in orders in the months ahead, it was optimistic about sales and earnings growth for the current fiscal year.

During the year just ended orders exceeded expectations and the high level of orders resulted in extended lead-times on some products, Digital said.

To remedy this the company increased production and undertook an expansion programme. It currently has 12 sites under development for its customer service, manufacturing and administrative operations.

Kaiser Steel examines possibility of winding up

BY IAN HARGREAVES IN NEW YORK

KAISER STEEL, the long troubled Californian steel company, has finally admitted that liquidation may be the only route out of its difficulties.

For several months, as Kaiser has sold off a string of valuable assets, analysts have believed that liquidation is Kaiser's only realisable goal, but Mr. Edgar Kaiser, chairman for just more than a year, has continued to insist that no liquidation plan existed.

His retreat from that position is signalled in an article in the company's employee newspaper, which says that Arthur D. Little, the management consultant, has been commissioned to investigate the realtive attractions of Kaiser liquidating or remaining a going concern.

The Kaiser board is expected to consider the Little analysis at a September meeting, but the company says that no firm timetable has been set for action.

Kaiser Steel has lost money on its steelmaking business in all of the past 16 quarters and has twice failed to persuade prospective steelmaker suitors, Nippon Kokan of Japan and the LTV Corporation of the U.S., that its steel plant is a worthwhile buy.

Meanwhile Mr. Kaiser has concentrated on selling off the saleable parts of the company, which was built into a multi-industry power by his grandfather.

In the last year, Kaiser has sold its stake in an Australian mining company Hammersley Holdings for $207m, half its stake in Kaiser Resources of Vancouver—of which Mr. Kaiser is also chairman for $157m—all its ore carrier ships for $65m. Gradually Kaiser has been whittled down to its steel core and it is evident that the company now sees little prospect, in spite of numerous cuts and economies of restoring this operation to financial health.

Kaiser is by far the largest West Coast integrated steel maker and the ninth largest steel producer in the U.S., but it has seen the Japanese capture almost 60 per cent of the West Coast market for steel at a time when the number of plants in the area has been declining.

Mr. Kaiser has consistently appealed for the imposition of a strong trigger or floor price mechanism on Japanese imports, but his voice has been submerged between wider ranging political squabbles in the steel industry which led earlier this year to the indefinite suspension of the trigger price.

Record first half for Hoover

BY OUR NEW YORK STAFF

HOOVER COMPANY, the Ohio-based electrical appliances group, reported yesterday record sales and profits in the first half of this year shrugging off the slowdown in consumer spending in the U.S. and other markets this year.

The company's net earnings doubled from $9.6m in the first six months of last year to $18.41m or $1.52 per share in the first half of this year. Sales rose to $409.8m against $364.7m during the same periods.

In the second quarter, Hoover's earnings more than doubled over the same quarter last year to $11.2m. This included a $2.4m tax credit as a result of the new UK-U.S. tax treaty.

Mr. Merle Rawson, chairman, said sales and profits had been buoyant in the U.S., Canada, Columbia, Mexico, Australia, Italy, Portugal and South Africa.

However, in the UK the higher sterling exchange rate had reduced export competitiveness, while slacker consumer demand and increased competition had hit Hoover's UK performance.

Hoover UK results, Page 19
Lex, Back Page

Alco confident of higher earnings

By Our Financial Staff

ALCO STANDARD of Cleveland is feeling the impact of recession and inflation in many of its diversified distribution and manufacturing businesses. But executives of the company remain confident that they can achieve their previously announced goal of raising operating profit per share for the fiscal year ending September by at least 10 per cent from 1979's $4.72.

Profit for the third quarter ended June exceeded $1.30 a share on a primary basis, up from $1.25 in the 1979 period.

For the nine months, per share earnings were more than $3.85 compared with profit from operations of $3.44 a year earlier.

Sterling bonds stabilise at sharply lower prices

BY FRANCIS GHILES

STERLING denominated Eurobonds were marked down heavily yesterday in the wake of Tuesday's bad UK money supply news. Older sterling issues dropped by two points whereas more recent ones only shed one point on average. By late afternoon, however, prices had stabilised and some dealers reported good two-way trading.

In the dollar sector the market remains listless with trading still at a very low ebb. Prices of seasoned issues shed about ¼ of a point on the day.

Good demand for the 12⅞ per cent International Harvester bond to 1985 allowed the lead manager Morgan Stanley to increase the initial amount by $15m to $115m.

The subscription agreement for the issue of $40m worth of convertible bonds to 1995 of Inchcape (Bermuda) was signed yesterday in London. The 8 per cent bonds were priced at par and are convertible into ordinary shares of £1 each of Inchape at a price of 455p with a fixed exchange rate throughout their life of $2.3565 for £1.

In the hard currency sectors, Deutsche Mark foreign bonds finished the day unchanged while Swiss franc bonds posted falls of ¼ of a point on the day.

Denny's to close 150 doughnut shops

By Our Financial Staff

HOPES OF increased earnings this year at Denny's, the coffee shop and restaurant chain, fade away with the announcement that continuing problems at its Winchell's Donut Houses will force it to close about 150 Winchell branches at an after-tax charge on group earnings this year of $5.2m.

The Board says this means a reduction of 60 cents a share in annual earnings, which will be announced next week. Previously, analysts had forecast earnings in the $2.40 to $2.65 a share range

In fiscal 1979, Denny's earned $25.1m or $2.89 a share on revenue of $623.9m.

Coca-Cola elects chairman's successor

By Our Financial Staff

THE BOARD of Coca-Cola yesterday put an end to months of confusion and speculation about the future leadership of the company when they elected Mr Roberto Goizueta, as the company's next chairman.

Mr Goizueta, a 48-year-old ...Cuban who worked in Coca-Cola's operations in his home country before they were nationalised in 1961, has been president of the Atlanta-based company since June. He will take over the number one job next March when Mr J. Paul Austin, who will then be 66, retires.

Mr Goizueta's appointment as president astonished many Coca-Cola watchers because his background as chemical engineer does not place him in what most consider the mainstream of Coca-Cola's concerns, marketing.

But in the few public comments he has made since assuming the presidency, Mr Goizueta has hinted that his appeal to the board was his international experience at a time when the fastest growing soft drink markets were not in the U.S.

Although yesterday's announcement ends the jostling for the number one post, it leaves open the question of who will be Mr Goizueta's number two or whether, indeed, he will have a number two.

For several years Mr. Austin ran the company with himself at the top, followed by a raft of equal ranking vice chairmen, of whom Mr. Goizueta was one.

That management structure was scrapped when Mr. Goizueta emerged, in his own words, as "co-pilot," but the Board made no decision on this matter yesterday.

The other fact not changed yesterday is Coca-Cola's continued sluggish earnings performance. In the second quarter the company reported net profits of $131.5m, little changed from the 1979 figure of $123.6m. Sales, meanwhile, were up by 23 per cent, indicating a continued erosion of profit margins.

In spite of Coca-Cola's growth prospects abroad, one of Mr. Goizueta's main tasks will be to increase margins at home. Last year, the company drew more than half of its sales from the U.S. and Puerto Rico, but only 34 per cent of earnings from those sources.

Mr. Austin said yesterday that Coca-Cola expected operating income to be up by more than 10 per cent in the year and net profits to advance by between 5 per cent and 10 per cent.

In the first half, the company earned $223m on sales of $2.8bn, compared with $209m on sales of $2.4bn last year.

NLT shows little change

By Our Financial Staff

NET PROFITS at NLT Corporation, the insurance holding company, edged lower from $34.07m, or 98 cents a share, to $33.46m, or 96 cents in its second quarter.

The profit for the latest period includes a $53,000 capital gain while in the 1979 quarter there was a $491,000 capital gain.

After six months net profits were ahead, however, at $64.26m, or $1.85 a share compared with $62.58m, or $1.81 a share. The half year figure includes a $181,000 capital gain this time against a £199,000 gain previously.

As well as its insurance interests NLT has broadcasting, real estate and computer operations as well as savings and loan interests in Hawaii and Utah.

U.S. QUARTERLIES

FLEMING COS.

	1980 $	1979 $
Second quarter		
Revenue	632.3m	557.6m
Net profits	4.45m	3.28m
Net per share	0.70	0.52
Six months		
Revenue	1.47bn	1.3bn
Net profits	10.22m	7.92m
Net per share	1.61	1.26

FLEXI-VAN CORP.

	1980 $	1979 $
Second quarter		
Revenue	47.1m	39.4m
Net profits	4.91m	10.45m
Net per share	0.68	1.69
Six months		
Revenue	92.5m	75.6m
Net profits	11.11m	18.18m
Net per share	1.59	3.02

INTER NORTH

	1980 $	1979 $
Second quarter		
Revenue	603.87m	523.98m
Net profits	43.35m	38.15m
Net per share	0.96	0.84
Six months		
Revenue	1.54bn	1.21bn
Net profits	154.47m	109.67m
Net per share	3.44	2.41

REVERE COPPER

	1980 $	1979 $
Second quarter		
Revenue	182.5m	197.88m
Net profits	5.33m	7.33m
Net per share	0.93	1.28
Six months		
Revenue	398.1m	401.5m
Net profits	12.01m	14.36m
Net per share	2.10	2.51

TESORO PETROLEUM

	1980 $	1979 $
Third quarter		
Revenue	780.8m	878.2m
Net profits	23.1m	14.8m
Net per share	1.52	1.00
Nine months		
Revenue	2.6bn	1.7bn
Net profits	89.1m	34.5m
Net per share	7.05	2.21

Corco searching for bid to stave off liquidation

BY PAUL BETTS IN NEW YORK

COMMONWEALTH OIL Refining Corporation (Corco) is desperately looking for another group to rescue it from threatened liquidation after Charter Company's decision last week to call off its $567m takeover of the troubled Texas oil concern.

The collapse of the oil company, which recorded sales last year of some $1.2bn would be one of the largest failures in the oil industry.

At this stage the likeliest potential bidder to take over and salvage Corco seems to be Mr. Roger Tamraz, the Lebanese entrepreneur who tried to buy Corco's substantial refinery and petrochemical assests in Puerto Rico two years ago.

But Mr. Tamraz was subsequently outflanked by Charter, an oil and communication group, which entered the bidding for Corco but dropped out last wee klargely as a result of its own growing financial difficulties.

Although Corco said yesterday that Mr. Tamraz's original offer two years ago had never been officially withdrawn, the Lebanese businessman was likely to want to reconsider the terms of the original offer should he decide to go ahead with the deal.

The value of Mr. Tamraz's original offer is understood to have been broadly similar to Charter's bid.

Mr. Tamraz is expected to make up his mond on a new takeover proposal in the next few days.

Corco, which has been in bankruptcy proceedings for more than two years, currently faces an end of August deadline to avoid liquidation. But the group could ask for an extension of the deadline under the Federal Bankruptcy Act to enable it to put together a rescue plan.

The collapse of Corco would have particularly severe repercussions for Puerto Rico as the company is the largest private business on the island where it owns a 161,000 barrels a day oil refinery and petrochemical complex.

Moore Corporation lifts profit

BY ROBERT GIBBENS IN MONTREAL

MOORE CORPORATION, the world's largest business forms maker now moving into the computer service business, earned U.S.$28.8m or $1.03 a share in the second quarter against $26.9m or 96 cents a year earlier. Revenues totalled $444m, against $378m.

The Toronto-based company, which controls Lamson Industries of the UK, had first-half earnings of $54.2m or $1.94 a share on revenues of $887m, against $50.5m or $1.80 on revenues of $742m.

● **Molson**, one of Canada's two major brewers, has held earnings steady in the first quarter, thus bearing out predictions that the beer market tends to be resistant to depression periods.

Net profits of C$15.9m (U.S.$13.8m) compares with C$15.5m, with share earnings at C$1.14 against C$1.12. Sales increased from C$356.3m to C$426.4m.

The group, which shares with Labatt the leadership of the domestic market (each has 37 per cent of Canadian beer sales), is rapidly expanding in the U.S. Exports at present represent 14 per cent of Molson's sales total, with U.S. sales providing a major thrust.

● **Dominion Foundries and Steel** had net earnings of C$28.2m (U.S.$24.5m) or C$1.75 a share in the second quarter, compared with C$31.8m or C$2 in the same period of 1979. Turnover was C$385.4m, against C$372.6m.

For the first half profit was C$63.9m or $3.98 a share on revenues of C$790.4m, compared with C$60m or C$3.78 on revenues totalling C$729.2m.

● **Atco**, Canada's largest maker of prefabricated buildings, made a new offer yesterday to purchase 50.1 per cent of the voting shares of Calgary Power. The offering price for 24,450 Class A and B common shares is C$21 a share, the same as its previous offer which was withdrawn last month after being challenged on various legal fronts by the Calgary Power management. Calgary Power said yesterday that its directors would meet today to consider the latest offer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	88	88½	0	−2⅛	12.91
CECA Grad Rate 12 86	100	97⅞	98⅜	0	−0⅜	11.74
CECA 11¾ 90	50	95½	96½	0	−0⅜	12.34
CECA 11¾ 98	100	97¾	98¼	−0¼	−1½	11.89
Citicorp O/S Fin 10 86	300	91⅞	92⅜	−0⅛	−2¾	11.92
Con. Illinois O/S 9¾ 86	150	90⅞	91⅜	−0⅛	−2⅝	11.92
Denmark 11¾ 90	100	96⅛	96⅝	−0¼	−1⅜	12.39
Dome Petroleum 13½ 92	50	100½	101	−0⅛	−1⅛	13.34
EEC 11 95	75	92⅝	93⅛	−0⅛	−2⅝	12.04
EIB 11¾ 92	80	94	94½	0	−2⅛	12.70
EIB 13¾ 90	100	104⅜	104⅞	−0⅛	−1⅜	12.87
Eksportfinans 11¼ 87	50	97⅝	98⅛	−0⅛	−1⅜	11.70
Eksportfinans 9½ 87	75	89⅝	90⅛	−0⅛	−2⅜	11.70
Elec. de France 10 88	125	91⅞	92⅜	−0½	−2⅜	11.56
Export Dv. Cpn. 12¾ 87	100	103⅝	104⅛	−0⅛	−2⅛	11.86
Export Dev. Cpn. 9½ 88	150	92	92½	−0⅛	−2⅜	11.46
Federal Dev. Bk. 12¼ 85	75	101⅞	102⅜	−0⅛	−1⅞	11.61
Fin. Exp. Credit 10½ 85	50	96	96½	0	−1⅛	11.53
Finland Rep. of 9½ 86	100	89⅜	89⅞	−0⅛	−1⅞	12.12
Ford O/S Fin. 12⅝ 85	250	98¼	98¾	0	−1⅛	13.03
George Weston 13½ 87	30	100⅝	101⅛	0	−1⅛	13.27
GMAC O/S Fin. 11 84	100	98⅛	98⅝	−0⅛	−1⅛	11.45
GMAC O/S Fin. 13⅜ 85	100	104	104½	−0⅛	−1⅛	12.09
Goodyear O/S 12½ 87	75	97	97½	−0¼	−1⅛	13.11
Hudson's Bay 11½ 90	75	94¾	95¼	−0⅛	−2⅜	12.39
IBM Canada 10½ 85	50	97½	98	−0½	−1⅜	11.11
ICI Fin. Ned. 11 83	100	99	99½	−0⅛	−1	11.29
McGraw 13½ 85	75	100½	101	−0⅛	−1⅛	13.23
Norwest Ind. 13⅜ 87	50	99⅝	100⅛	−0⅛	−1⅛	13.62
Nova Scotia 10¾ 90	50	91¼	91¾	−0⅛	−2⅝	12.27
OKB 10 85	50	96⅛	96⅝	−0⅛	−1½	10.98
Pembroke Capital 9⅝ 87	100	92⅛	92⅝	−0⅛	−1⅛	11.23
Pemex 11½ 88	100	95⅝	96⅛	0	−1⅛	12.33
Quebec Hydro 11½ 92	100	93⅞	94⅜	−0⅛	−2⅜	12.46
Repsteel O/S 11½ 88	100	90⅜	90⅞	0	−1⅛	13.49
Roylease Ltd. 11¼ 85	50	98¼	98¾	−0⅛	−1¼	11.65
SNCF 12⅜ 85	50	102½	103	−0¼	−2	11.56
Swed. Ex Cred. 12½ 85	40	101⅛	101⅝	−0⅛	−1⅛	12.06
UB Finance BV 11 90	50	88	88½	−0¼	−2⅜	13.18
Unilever NV 9¾ 90	100	88⅜	88⅞	−0⅛	−2	11.74
World Bank 9¾ 85	200	94⅞	95⅜	−0⅞	−1½	11.08
World Bank 10¼ 87	300	95	95½	−0⅞	−1⅜	11.27

Average price changes... On day −0¼ on week −1⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	†102½	103	−0⅛	−0½	8.56
Australia 8⅛ 90	250	103⅛	103⅝	0	−0⅛	7.60
BFCE 7¾ 87	100	100	101	+0⅜	+1	7.63
BFCE 8⅛ 95	100	100⅝	101⅜	+0⅜	+0½	7.97
Brazil 8 87	150	93⅜	93⅞	−0⅜	−0⅜	9.33
Council of Eur. 7¾ 89	100	96½	97⅛	+0⅜	0	7.75
Denmark 7⅞ 86	100	†98⅞	99⅞	+0⅛	+0⅛	8.00
Denmark 8⅛ 92	100	†99⅛	100⅛	0	−0⅛	8.29
EEC 7⅞ 94	225	99⅛	99⅞	0	−0⅛	7.91
EIB 7½ 89	200	97⅞	98⅜	0	0	7.80
Finland, Rep. of 8 86	150	99⅜	100⅛	−0⅛	−0⅛	8.04
Kobe, City of 7⅞ 89	150	96⅛	96⅝	−0⅛	+0⅛	7.69
Kobe, City of 8 90	100	100¼	100¾	−0⅛	−0½	7.92
Mt. Bk. Denmark 8½ 90	150	100¼	100¾	+0⅛	−0⅛	8.42
Norway 7½ 85	250	100¼	100¾	−0⅛	+0⅛	7.35
OKB 7⅞ 89	100	96⅝	97⅛	+0⅛	+0⅛	7.84
OKB 8¾ 92	150	100⅝	101⅛	0	−0⅛	8.13
Oslo, City of 8¾ 90	80	102⅛	102⅞	0	−0⅛	8.33
Sweden 9¾ 87	200	†108	108½	+0⅛	+0½	8.08
World Bank 7¾ 91	400	98⅛	98⅝	−0⅛	−0⅞	7.96
World Bank 7⅞ 90	250	99⅛	99½	0	−0⅛	7.96
World Bank 10 86	150	108⅝	109⅛	−0⅛	−0⅞	7.99
World Bank 10 90	200	111¾	112¼	−0½	−0⅝	8.16

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	93	93½	−1	−1¼	6.52
Bergen, City of 4¾ 91	40	92¾	93¾	−0¼	−1½	5.59
Bergen, City of 6 90	50	103½	103¾	0	−0⅛	5.51
BNDE 5 88	75	84	84½	−0⅛	−1½	7.47
BMW Overseas 4¼ 91	100	92¾	93	0	−0¼	5.10
Buhrm'n-Tetterode 7 90	40	105⅝	105⅞	+0⅛	−0⅛	6.19
Caisse Nat. Tele. 4⅛ 89	100	94⅛	94⅜	−0⅛	−0⅛	5.19
Copenhagen 4½ 91	60	89	90	−1⅛	−1⅛	5.90
Council of Eur. 5 89	100	95¼	95½	0	0	5.65
Denmark 5¾ 90	80	99½	99¾	+0⅛	−1	5.80
EIB 4½ 91	100	91⅝	92⅛	−0⅛	−1½	5.51
EIB 4¾ 94	100	87½	88	−0⅛	−0½	5.66
Elet. de France 4⅛ 89	100	93½	94	−0⅞	−1	5.27
F. G. H. Hypo. Bk. 6 90	50	†102¾	103	0	−1⅛	5.61
GZB 4¼ 89	100	90¾	91½	−0⅛	−1	5.50
Hilti 4½ 91	35	92¾	93¾	−0¼	−0¼	5.05
Int.-Amer. Dev. 4½ 89	100	91⅛	91⅝	−0⅛	0	5.73
Int.-Amer. Dev. 7 90	80	106	106⅛	−0⅛	−0⅛	6.14
Jutland Tele. 5½ 90	50	100	100⅛	−0⅛	−0⅛	5.48
Malaysia 5 89	80	88⅛	88½	−0½	−0⅞	6.74
Neweg 5¾ 90	80	101⅜	101⅞	+0½	−0⅛	5.51
Nippon Tel. & T. 4⅞ 89	100	94⅝	94⅞	−0½	−0⅛	4.98
Nordic Bank 5 89	45	96⅛	96⅜	+0¼	−1½	5.50
Norges Komm. 4⅞ 91	100	92½	93	−0⅛	+0⅛	5.25
OKB 4¾ 91	100	92⅛	92⅜	+0⅛	+0⅛	5.29
OKB 6 90	100	102½	103	−0½	−0⅛	5.62
Oslo, City of 4⅞ 91	100	89	89½	−0⅞	−1⅛	5.70
Sekisui Pre. Hms. 6 90	80	102½	102¾	+0⅛	−0⅛	5.64
Shikoku El. Pwr 4¾ 89	100	96	96½	0	0	5.28
World Bank 4⅞ 89	100	96⅛	96⅞	−0¼	−0½	5.16
World Bank 4⅞ 89	150	91¾	92	+0⅛	−0⅛	5.53
World Bank 4⅝ 91	100	91¾	92	−0¼	−0⅞	5.62

Average price changes... On day −0¼ on week −0⅝

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	93⅛	−0⅛	0	8.38
Australia 6½ 88	20	87⅞	89⅛	+0⅛	+0½	8.63
EIB 7¾ 89	12	95⅝	96⅞	−0⅛	−0¼	8.37
Finland 5.6 83	10	91⅛	92⅜	0	0	8.63
Finland 6 8 88	10	88⅛	89⅝	0	+0¼	8.86
Finland, Rep. of 8⅛ 87	15	96¼	97½	+0¼	−0⅛	9.00

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93⅞	94⅜	+0¼	−1⅛	12.14
CIBC 13½ 85 C$	50	101⅜	101⅞	−0⅛	−1⅛	12.98
CIBC 11½ 85 C$	60	95⅞	96⅜	0	−1⅛	12.59
Federal Dev. 11½ 90 C$	60	94	94½	+0⅛	−1⅛	12.54
Fst. Can. Inv. 10 84 C$	50	92⅛	92⅝	0	−0⅛	12.83
GMAC 12 85 C$	50	†97	97½	−0½	−1⅛	12.77
R. Bk. Canada 10 86 C$	40	92⅜	92⅞	−0⅛	−1½	11.81
Tordom Cpn. 13¾ 85 C$	30	101⅞	102⅜	−0⅛	−0⅛	12.84
M. Bk. Dnmk. 9 91 EUA	25	93	94½	−0½	−0⅛	9.93
SOFTE 8¾ 89 EUA	40	88¼	89½	0	+0⅛	10.23
U. Bk. Nrwy. 9½ 90 EUA	18	98⅛	100	0	+0⅛	9.59
Algemene Bk. 8¾ 84 Fl	75	96⅛	96⅝	−0⅛	−0⅞	9.24
Algemene Bk. 10¼ 87 Fl	400	101⅛	101⅝	+0⅛	−0⅛	9.96
Bk. Mees & H. 10 85 Fl	75	99⅝	100⅛	−0⅛	−1⅛	10.10
Heineken NV 10 87 Fl	75	100⅛	100⅝	−0⅛	−1⅛	9.92
Ned. Gasunie 8¾ 84 Fl	50	100⅛	100⅝	+0⅛	−0⅛	8.82
Norway 8¾ 84 Fl	100	97	97½	+0⅛	+0⅛	9.66
Philips Lamps 8¾ 84 Fl	75	96⅝	97⅛	−0⅛	−0⅛	9.32
Air France 11 84 FFr	120	†96⅛	97⅛	0	0	12.03
CECA 14¾ 86 FFr	150	†105⅜	106⅜	0	−1⅛	12.69
Euratom 9⅞ 87 FFr	150	85⅛	86⅛	0	+0⅛	13.01
Finland 11 84 FFr	80	†95⅛	96⅛	0	0	12.33
Finland 11½ 89 FFr	70	†93	94	0	−0⅛	12.72
Gaz de France 11 84 FFr	150	95⅛	96⅛	0	+0⅛	12.19
IBM France 11⅞ 84 FFr	120	†97⅛	98⅛	0	−0⅛	12.44
Renault 9¾ 85 FFr	100	87⅛	88⅛	+0⅛	+0⅛	13.25
Saint-Gobain 9¾ 86 FFr	130	86⅛	87⅛	0	0	13.17
Solvay et Cie 9¾ 87 FFr	125	84⅞	85⅞	0	+0⅛	13.14
Beneficial Fin. 14¼ 90 £	20	99	99⅝	−0⅛	−2⅛	14.34
Citicorp O/S 13½ 90 £	50	98⅛	99⅛	−1⅛	−2⅛	13.78
EIB 11¾ 91 £	25	90⅛	91	−2⅛	−3⅛	13.15
Fin. for Ind. 12½ 89 £	30	95⅛	95⅝	−1⅞	−3⅛	13.38
Fin. for Ind. 14½ 88 £	20	101⅜	102⅛	−1⅛	−2⅛	14.03
Gen. Elec. Co. 12½ 89 £	50	97½	98⅛	−0⅛	−1⅛	12.89
Swed. Ex. Cr. 15¼ 85 £	20	102⅜	102⅞	−1⅞	−3⅛	14.41
Banobras 8¾ 90 KD	7	†95⅛	95⅝	0	−0⅛	8.97
CCCE 8¾ 91 KD	10	†93⅞	94⅛	0	+0⅛	8.89
Mitsubishi 7½ 84 KD	10	†94⅜	95	0	0	9.17
Sonatrach 8¾ 90 KD	12	†94⅝	95⅛	0	+0⅛	9.27
Akzo 9¾ 87 LuxFr	500	95⅛	96⅛	−0⅛	+0⅛	10.12
Euratom 8 87 LuxFr	500	89½	90½	−0⅛	−0⅛	10.12
Euratom 9¾ 88 LuxFr	500	98⅛	99⅛	0	+0⅛	9.95
EIB 9¾ 88 LuxFr	600	98⅛	99⅛	−0⅛	+0⅛	9.92
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	0	+0⅛	10.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	98⅛	98⅝	2/1	10.44	10.61
Bank of Ireland 5¾ 89	§0¼	97⅛	98	21/8	11.81	12.08
Bank of Tokyo 5¼ 89	§0¼	96⅝	97	25/10	16.56	17.12
Barclays O/S Inv. 5 90	0¼	97⅛	97⅝	13/12	9⅝	9.87
Bergen Bk. A/S 6 89	§0¼	96⅝	97⅛	29/8	10	10.32
Bilbao Int. NV 5¼ 90	0¼	96⅛	97⅛	29/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99	99⅛	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98⅛	99	30/7	9.69	9.81
C. Itoh 5¼ 87	0¼	99	99⅛	18/9	19.44	19.58
Co-operative Bk. 6 86	0¼	98	98⅝	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97	97½	14/9	9.44	9.70
CNT 5¼ 86	§0¼	100⅛	100⅝	16/10	18⅛	18.06
GZB 5½ 89	§0¼	*97⅝	97⅞	1/11	9.81	10.05
Jugobanka 8 89	0⅞	90⅛	92⅛	23/11	11⅝	12.74
Ind. Bank Japan 5¼ 87	0¼	99⅛	99⅝	15/10	18⅛	18.82
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	3/1	15⅛	16.15
LTCB Japan 5¼ 86	0¼	98⅛	98⅝	13/12	9⅝	9.79
LTCB Japan 5½ 89	0¼	97⅞	98⅜	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0¼	97	97½	31/8	9⅞	10.15
Midland Intl. Fin. 5 89	0¼	97⅞	98⅜	20/12	9⅝	9.89
Midland Intl. Fin. 5¼ 92	0¼	98	98⅜	5/12	10⅞	11.07
National Fin. 6¼ 86	0¼	97⅛	97⅝	25/1	9.69	9.94
Nat West. 5¼ 94	§0¼	99⅛	99⅝	11/10	18⅛	18.72
Nippon Credit 6½ 86	0⅜	97⅞	97⅜	12/1	9.56	9.81
Nippon Credit 5⅞ 87	‡0¼	97⅝	98⅛	6/11	10⅞	11.10
Royal Bk. Scot. 5¼ 94	§‡0¼	97⅛	98⅛	11/10	9.31	9.50
Soc. C. de Bque. 5½ 87	0¼	99⅞	100⅛	3/10	20.06	20.09
Standard Chart. 5¼ 90	0¼	98⅛	99⅛	8/9	17⅛	17.42
Svenska Hndlsbk. 5 87	0¼	98⅛	98⅝	15/1	10	10.15
Sweden 8⅛ 91	0¼	96	96½	18/10	18⅛	18.35
Williams & Glyn 5¼ 91	0¼	98⅛	98⅝	14/9	18⅛	18.78
Bq. E. d'Alg. 4¾ 89 SF	0¼	90⅛	91⅛	19/12	6⅛	6.71

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅛ 89	10/79	145	†119	120	0	−8.27
Ajinomoto 7⅛ 95	2/80	615.5	108⅛	109⅛	−0⅛	−2.41
Alco Int. Fin. 9½ 94	1/80	40	95	96⅛	+0⅛	25.91
Apache I. Fin. 8¾ 95	12/80	21.12	108⅛	110⅛	−3⅛	0.87
Asahi Optical 7 94	11/79	526.1	96⅛	97⅛	+0⅛	0.94
Blocker Energy 8¾ 96	1/81	21.87	94⅛	95⅛	+0⅛	−20.63
Canon 6⅛ 94	8/79	570	104⅛	105⅛	−0⅛	0.76
Credit Suisse 4¾ 93	10/79	1278	106	107⅛	−0⅛	−3.74
Daiei Inc. 6½ 94	11/79	927.3	97⅛	98⅛	−0⅛	−22.60
DDKK 11 90	4/80	324	105⅛	106⅛	−0⅛	11.32
Dynalectron 9½ 95	8/80	12.22	102⅛	103⅛	+0⅛	3.84
Ensorch Fin. 9½ 94	7/80	30.25	117⅛	119	−5⅛	−0.15
Meidensha Elec. 7 94	12/79	210	96⅛	100	−0⅛	10.76
Mitsubishi Cp. 6½ 94	10/79	649.1	119⅛	120⅛	−0⅛	8.75
Nippon Seiko 7⅛ 94	12/79	339	†105⅛	106⅛	0	0.15
Toshiba Cpn. 7⅛ 94	10/79	198	98⅛	99⅛	+0⅛	4.66
Union Bk. Switz. 5 89	2/80	121.4	98⅛	98⅛	−0⅛	2.98
Fujitsu 5 84 DM	7/79	475	101⅛	102⅛	−0⅛	3.72
Kansai Elec. 4 84 DM	4/79	1210	†87	88	+0⅛	39.58
Sharp Cpn. 6½ 86 DM	9/80	595	100⅛	101⅛	+0⅛	8.58
Uny Co. 6½ 86 DM	11/79	1071	98	99	−0⅛	25.01

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

THIRD WORLD BONDS

Investors sit on their hands

BY NICHOLAS COLCHESTER

AS CONCERN mounts about the exposure of international banks to the developing world, it would be comforting to report that investors in the international bond market were ready and able to play a greater part in financing Third World payments deficits.

Unfortunately, the evidence does not point in this direction. Not only do the sums of money involved dwarf the sort of flows which a willing bond market could provide, but also the willingness appears to be dwindling. The table shows how the proportion of all external bond issues floated by non-OPEC less developed countries (LDCs) has declined steadily from about 10 per cent in early 1978 to 3.5 per cent in the first half of this year.

From the investor's point of view the well-publicised financial problems of the developing world are making LDC bonds steadily less attractive, whatever the denomination and whatever the terms. In the fixed interest dollar sector of the market, there has recently been quite enough uncertainty and pain in movements of the market as a whole for investors to be bothered with additional doubts over the creditworthiness and political stability of LDCs.

Presumably, all such doubts could be overcome at a price, and this is where the Third World borrower's own reticence comes into play. With the prime borrower's rate for 10-year dollars now standing at around 11¼ per cent, the necessary "sweetener" has become so large in absolute terms, and pushes the necessary yield so far into double figures, that the LDC loses interest. In particular, the LDC finds it hard to reconcile a yield premium of 2-3 per cent with the extra spread of 1-1¼ per cent which is demanded of it in the syndicated loan market.

The second problem in the inventor's eyes is marketability—the fear that LDC paper will prove unsellable in the secondary market. Bond traders in London confirm that the market in most dollar bonds for LDC borrowers is very thin and see this as one of the key problems facing bond finance for such countries.

The recent history of fixed interest bonds for the Third World shows that the D-Mark has pride of place as the currency denomination. In 1978-79 the D-Mark accounted for 40 per cent of all LOC bonds, including floating rate notes (FRNs). There appear to be a number of reasons for this, most of which say something about the dollar alternative.

● An LDC can pay a decent premium over the prime borrower coupon rate and still retain an interest cost in single figures. Chile (just) got away with a 9.2 per cent yield recently in a 7.8 per cent market.

● Brazil, which in any case has a special place in the minds of German banks and investors, has a tax treaty with Germany which boosts the effective gross coupon for German investors by one-fifth. Other South American countries have a similar arrangement.

● D-mark bond market investors are used to taking the orderly flow of external D-mark bonds metered out to them by the German Capital Market Sub-Committee.

● In periods of strong speculative interest in D-mark securities from abroad investors are less choosy about the name while the German banks have fewer good intenational names to offer.

A lot of LDC D-mark borrowers *last came to that market in 1978,* when demand for D-mark bonds was intense.

● The German universal banks, *in their role as the financing arm* of "Deutschland AG," are conscious of the financing needs of Germany's Third World customers when they arrange D-mark bond issues. The strong trade relationship with Brazil is an example.

Some of these points also apply to LDC financing in the Swiss franc and yen sectors—the low interest rates in the former, the identity of business interest and the disciplined ranks of investors in the latter.

The other notable contributor was, till its recent closure, the Kuwaiti dinar bond market. The pattern of borrowers here suggests that Arab solidarity prompted oil money into KD bond issues by North African countries, and also that there was an element of "faut de mieux" in that it was only in 1978-79 that prime borrowers began to come to the KD market for funds.

Both the yen and the KD markets are, for reasons of domestic policy, not in a position to provide much LDC finance at the moment — though the yen foreign bond market has raised funds for Thailand and Brazil this year. The German market is still open to Third World borrowers, but investors are becoming more selective and some of the names which borrowed D-Marks in 1978 would find it difficult to do so today.

One market which has remained open for LDC borrowers, and which offers some hope for the future, is that for dollar floating rate notes. This is tapped by banks based in the Third World — viz. the recent issue for the State Bank of India—and by countries directly—for instance, the $100m issue for the Philippines last autumn.

The problem is that this market is to a large extent a market in disguised loans bought by banks, rather than a market in bonds bought by end-investors. In this respect it does not do very much to lessen the dependence of the LDCs on bank finance, or the exposure of banks to LDCs.

Nevertheless there are those — Amex Bank, for instance — who say that the potential contribution of Third World FRNs should not be dismissed lightly. Investors do buy an unquantifiable number of FRNs. And although the FRN formula cannot lessen country risk, it does assuage the "fixed interest" risk and the risk of non-marketability which so inhibits today's investor in Eurodollar bonds. So long as banks are ready to lend to LDCs they will logically support the price and liquidity of Third World FRNs in the secondary market.

BREAKDOWN OF EXTERNAL BOND ISSUES OF ALL CURRENCIES BY BORROWER

	1978 1st half %	1978 2nd half %	1979 1st half %	1979 2nd half %	1980 1st half %
OECD Countries	73.5	56.3	74.7	67.25	79.5
OPEC Countries	5.3	5.3	2.0	0.5	—
Less developed countries	10.2	8.2	7.9	6.2	3.5
Others including Development Institutions	11.0	30.2	15.4	26.0	17.0
Total amount —equivalent ($bn)	18.7	16.5	19.4	18	19.7

Source: OECD Financial Statistics

Recession begins to bite at BMW

By Our Frankfurt Correspondent

BAYERISCHE Motoren Werke (BMW), the West German manufacturer of high performance cars and motor-cycles, managed a small increase in production for the first half of 1980, despite the growing recession in world car markets and a sharp drop in sales at home.

A large backlog of orders and strong demand in export markets allowed BMW to raise car production by 2.8 per cent to 186,490 units, with total sales rising marginally by 0.9 per cent to 183,613 vehicles. Car sales abroad rose by 12.7 per cent to 104,167. But BMW admits that even in export markets demand is now slackening.

Its sales in the German market declined by 11.3 per cent to 79,446 units compared with a general decline in new car registrations in the Federal Republic of some 12 per cent As a result BMW has marginally improved its market share to 5.9 per cent.

Total sales worldwide rose by 5.3 per cent in value to DM 4.2bn. The value of sales abroad increased by 18 per cent to DM 1.9bn, as BMW was able to devote an increasing share of production to satisfying foreign demand. Home sales fell by 8.3 per cent to DM 1.7bn.

Motor-cycle sales have followed a very different pattern, chiefly because of the continuing strong demand in the West German market. Domestic *sales increased by 8.5 per cent,* but even this increase was not enough to hold BMW's market share which fell to 8 per cent, compared with 10 per cent.

OUE to raise S$60m by rights issue

By Georgie Lee in Singapore

THE OWNER of Singapore's prestigious Mandarin Hotel, Overseas Union Enterprise (OUE), is to raise S$60m (U.S.$28m) through a rights issue. The group proposes a one-for-two issue at S$3 each.

If fully accepted, the issue will increase OUE's issued capital to S$60m. The proposal was announced following disclosure of the company's interim figures.

For the six months to June, the group put up a sparkling performance, registering a 39.5 per cent growth in group pre-tax profit to S$7.8m (U.S.$3.6m). Group turnover also rose sharply, by 47 per cent to S$40m.

OUE said that the rights issue would further support the continuing growth and projects of the group and strengthen its liquid position. Presumably, this also implies that OUE will apply the new funds to reduce its highly geared balance sheet.

At the end of last year, the group had bank overdrafts and short and long-term loans totalling S$53.7m.

● United Engineers (UE), the major Singapore engineering group, has reported a sharp improvement in earnings at the interim stage. Group pre-tax profit rose by 54 per cent to S$3.9m (U.S.$1.8m) for the six months to June. Group turnover increased by 55 per cent to S$68.3m.

Commenting on the group's activities, UE said that its heavy equipment operations had a successful half year but, with the easing in timber prices, some slowing down in this sector may be expected in the second half.

Its contract engineering and trading divisions returned better figures, although margins were still unsatisfactory.

Following a rights issue, the group's Malaysian subsidiary had been able to reduce its borrowings from UE by almost S$35m. The benefits of the issue UE said, would be reflected in the figures for the second half.

Siemens holds nine-month profit

BY KEVIN DONE IN FRANKFURT

SIEMENS, the major West German electrical and electronics group, has fared better than expected in the first nine months of its current financial year, but warned yesterday that, in recent weeks, it had begun to feel the first impact of the growing world recession.

The company expects to increase turnover worldwide by some 10 per cent in the year to the end-of September to around DM 31bn ($17.6bn), which will allow it to recover the ground lost last year, when sales fell by 3.5 per cent, chiefly as a result of business lost in Iran.

But profitability has not kept pace with either sales or order books. After-tax profits in the nine months were virtually unchanged at DM 441m compared with DM 435m, but as a percentage of turnover they slipped back from 2.2 to 2.0 per cent.

Siemens is seeking to widen its co-operation agreements with the privately-owned VDO Adolf Schindling, the Frankfurt-based manufacturer of clocks and automotive instruments.

To enhance its presence in this sector of the electronics industry Siemens has been offered a shareholding in the recently formed VDO subsidiary VDO Mikroelektronik und Displaytechnik. There are fears, however, that the deal will fall foul of the Federal Cartel Office, and the two companies are also considering alternative arrangements.

Co-operation to date has centred on liquid crystal instrumentation for motor cars, and the new deal would include development and assembly of these display instruments.

Siemens, which is the fifth largest electrical and electronics group in the world, boosted the value of new orders taken in the first nine months of the financial year by 19 per cent to DM 26.1bn.

This performance was helped in particular by the signing of the contract for the construction of the DM 1.5bn Atucha II nuclear power station in Argentina. This order, booked by Kraftwerk Union, the Siemens subsidiary, meant that the total of new orders gained abroad jumped by 25 per cent to DM 14.2bn.

Activity in the domestic market has already begun to slow down and as a result the value of new orders gained in West Germany rose by only 12 per cent to DM 11.9bn. The rate at which new work was booked declined significantly in the months from April to June.

Worldwide, Siemens increased its turnover by 14 per cent in the nine months to DM 22.5bn. Domestic sales were up by 10 per cent over the period, compared with a 23 per cent rise in the first six months. Foreign sales have held up more strongly and showed an increase of 18 per cent to DM 12bn.

As a result of its attempt to build a wider base for expansion in the 1980s, Siemens is facing considerable additional demands for capital expenditure and research and development spending, while the workforce is also growing steadily.

Capital investment will increase to more than DM 2bn this year compared with DM 1.6bn in the last financial year, while R and D spending will rise to around DM 3bn against DM 2.7bn last year.

Stanbic lifts dividend on record first-half results

BY JIM JONES IN JOHANNESBURG

STANDARD Bank Investment Corporation (Stanbic), South Africa's second largest banking group, has announced record interim results for the six months to end June, but the directors have warned that second-half trading conditions will be only marginally better than those for the first.

Pre-tax profits reached R44.7m ($58.7m) for the six months compared with R32m for the corresponding period of 1979, and R75.1m for the whole of last year. After tax, net income was R28.3m against a 1979 first-half figure of R20.9m and R49.3m for the full year.

Mr. Ian Mackenzie, the chairman says that, largely because of high gold prices and a strong South African balance of payments surplus, liquidity in the South African banking system has remained high. At times this has made profitable investment of short-term funds difficult. In addition, as far as commercial banking has been concerned, the short-term benefit of an artificially high bank rate has begun to fall away leading to downward pressure on interest rates. Though demand for private consumer lending has continued unabated, says Mr. Mackenzie, there has been increased demand for the creation of money-market paper at the expense of traditional overdrafts.

The chairman further warns that demand for overdrafts is expected to be weak during the current half year, and there is a continuing impact of credit ceilings on banking operations.

Stanbic has declared an interim dividend of 12 cents, against 11 cents from first-half earnings per share of 47 cents compared with 35 cents. A total dividend of 36 cents was declared from full 1979 earnings per share of 82 cents.

Spanish bank changes hands for Pta 1bn

By Robert Graham in Madrid

CORPORACION BANCARIA, which was created in 1978 to *take over and administer ailing* banks, has sold off Banco Cantabrico. This is the second of five banks in its control to be sold.

Cantabrico has been bought by the Banco Exterior, a mixed private and state-run bank primarily concerned with export finance. Exterior has paid Pta 1.08bn ($15m) for 84 per cent of the equity, in a move designed to widen its ordinary commercial banking interests.

The sale was made possible by legislation in March which broadened the scope of the deposit guarantee fund, subscribed to by all banks. This enabled Cantabrico to put through a 35 per cent capital reduction, followed by a new share issue subscribed to mainly by the deposit guarantee fund.

The other bank recently sold is the Credito Comercial, bought by Banco de Vizcaya. Banco Cantabrico was the first bank to be taken over by the Corporacion Bancaria, in March 1978.

● Ford Espana lifted production in Spain to 232,423 cars and 346,000 engines in 1979 while sales were of Pta 73bn. Profits last year were Pta 395m.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	5.8.80	29.7.80	AVERAGE YIELD	5.8.80	29.7.80
DM Bonds	97.42	97.33	DM Bonds	8.131	8.137
HFL Bonds & Notes	95.54	95.54	HFL Bonds & Notes	9.541	9.536
U.S. $ Strt. Bonds	91.24	92.35	U.S. $ Strt. Bonds	10.999	10.788
Can. Dollar Bonds	93.54	94.01	Can. Dollar Bonds	11.377	11.289

WORLD STOCK MARKETS

Wall St. mixed at mid-session

STOCKS ON Wall Street displayed mixed movements at mid-session yesterday after reduced but still active trading.

The Dow Jones Industrial Average was a marginal 0.17 up at 929.95 at 1 pm, while the NYSE All Common index edged up 5 cents to $69.21. Advances and declines were about evenly matched after trading volume of 27.82m shares, against Tuesday's 1 pm level of 31.61m.

Analysts said that although the market was still overdue for a correction, there were no strong reasons for a decline.

The Bellwater groups of Oils and Computer issues were little changed. Motors and Steels also had only fractional changes.

Among special situations, Applied Digital were off 1¼ at $10¼. It is challenging a take-over bid by Mitel.

Denny's rose 1¼ to $19¾. The company is closing 150 doughnut houses and is to make an after tax charge in the 1980 fiscal year which ended in June.

Napco, which announced a stock split, advanced 1⅝ to $20.

Zayre gained 1¼ to $18 in a firm Retail group. Alexanders put on ¼ to $7½, and Federated Department Stores ½ to $32¼.

THE AMERICAN SE Market Value Index eased 0.53 to 310.37 at 1 pm. Volume 3.92m shares (3.20m).

Providing bright spots were Condec, up 1⅝ at $18¼, and Guilford Mills, 2⅜ higher at $23⅞.

Canada

Markets were broadly lower at mid-day yesterday, with the Toronto Composite index losing 10.5 more at 2,166.6. The Oil and Gas index declined 47.7 to 4,711.9 and Golds 56.5 to 4,894.6. In Montreal, Banks lost 2.17 to 331.06 and Papers 0.99 to 194.07.

Oils were particularly hard hit again. North Canadian Oils fell 1¼ to C$18, BP Canada 1⅝ to C$44¾, Acquitaine of Canada 1½ to C$62¼ and Dome Petroleum 1¼ to C$82.

Closing prices for North America were not available for this edition.

Tokyo

With renewed profit-taking and other selling occurring in Resources-related issues, Pharmaceuticals and Light Electricals, the general market showed an easier inclination yesterday in a fairly active business.

The Nikkei-Dow Jones Average receded 20.88 to 6,739.97 and the Tokyo SE index shed 1.09 to 465.68, while falls led rises on the First Market section by 320 to 286 after volume of 320m shares (280m).

Oils, after Tuesday's partial recovery, had Nippon Oil weakening Y110 to Y1,130, Teikoku Oil Y40 to Y970 and Kao Oil Y30 to Y571. Mitsubishi shed Y7 to Y647 in mainly softer Trading Houses.

Among Light Electricals, Green Cross lost Y60 to Y1,790, Matsushita Communication Equipment Y50 to Y1,870, TDK Electronic Y20 to Y2,350 and Matsushita Electric Y9 to Y699, but Pioneer Electronic put on Y10 to Y1,970.

Elsewhere, Kyoto Ceramic dipped Y40 to Y3,200, Fujitsu Fanuc Y90 to Y2,980 and Mitsui Real Estate Y10 to Y510, but Olympus improved Y7 to Y854 and Daiwa House Y18 to Y384.

Kurabo Industries closed Y1 firmer at Y306 despite tighter margin trading curbs from yesterday.

Hong Kong

Following Tuesday's sharp setback on worries of an upturn in local interest rates, shares rebounded yesterday in further active dealings as confidence returned to the Hong Kong market after the overnight easing of the U.S. Federal Funds Rate. Dealers reported heavy buying to cover short positions, and the Hang Seng index, down about 24 points the previous day, recouped 22.54 at 1,142.92. Turnover on the four exchanges totalled HK$387.13m, compared with Tuesday's HK$377.95m.

Cheung Kong led the advance with a gain of 80 cents at HK$21.20, while Hang Seng Bank rose HK$4.00 to HK$141.00, Hutchison Whampoa 30 cents to HK$11.90, Jardine Matheson 20 cents to HK$20.50 and Hong Kong Bank 30 cents to HK$17.80.

Green Island Cement advanced HK$1.50 to HK$63.00, Hong Kong Hotels HK$1.50 to HK$42.50, Hong Kong Telephone 30 cents to HK$26.50, Hopewell HK$1.40 to HK$14.00, Sun Hung Kai Properties 70 cents to HK$16.20 and Swire Properties 30 cents to HK$8.00.

Australia

Markets presented a much brighter appearance than of late on selective demand, although leading Gold shares were subdued in light of a lack of movement in New York bullion prices overnight.

The Sydney All Ordinaries index gained 6.72 to 926.54 and the Metals and Minerals index picked up 82.26 to 5,834.44.

Woodside stood out in the Oils sector with a further rise of 12 cents to A$2.92 on news that the company is ready to spud a new well on the Exmouth plateau. Hartogen added 5 cents at A$4.75, still buoyed by a gas flow at its Kincora No. 20 well. Strta Oil rose 20 cents to A$2.40 ahead of further tests on the Woodada No. 2 well, near Perth.

Elsewhere in Oils, Greenvale advanced 40 cents to A$3.40, Beach 9 cents to A$1.42 and Santos 50 cents to A$12.10, but Crusader shed 10 cents to A$3.80.

Comalco, in a firm Industrials sector, moved ahead 16 cents to A$5.86 on record interim profits. BHP gained 15 cents to A$14.95 and Production Equipment 20 cents to A$2.80.

CRA featured strongly in Minings, rising 24 cents to A$5.58, while EZ climbed 16 cents to A$6.50, Western Mining 10 cents to A$5.50 and MIM 7 cents to A$4.90, but Renison Tin lost 50 cents to A$23.00.

Samantha Exploration gained 29 cents to A$1.80 and Samson 10 cents to A$-.20 following news of an agreement between the two companies and Newmont group, of the U.S., for exploration and possible development of the Mount Rawdon gold deposit in Queensland.

Germany

Most share prices turned easier, with the volatile Preussag shedding DM 5.50 to DM 238.00 after the previous two-day rise of DM 6.00.

Karstadt declined DM 3 in Stores, Brown Boveri DM 2.50 in Electricals and Volkswagen DM 1.50 in Motors. Among Engineerings, GHH lost DM 1.90 but MAN put on DM 2, KHD DM 1.70 and Linde DM 1.50.

Public Authority Bonds recovered to some extent from the falls of recent days, registering gains ranging to 30 pfennigs. The Bundesbank sold DM 3.3m nominal of paper after purchases of DM 9.3m on Tuesday. Mark Eurobonds were mixed.

Johannesburg

Gold shares closed mixed to easier after fairly quiet trading. Losses ranged to 75 cents, as in the case of East Rand, R36.75, while gains stretched to 150 cents, as in Harties, R85.00.

In Coppers, Palabora declined 10 cents to R16.25 despite improved interim results. Industrials tended to gain further ground. C. G. Smith Sugar, up R2.00 on Tuesday following news of the deal involving Huletts, added 50 cents at R15.00, but the latter retreated 40 cents to R6.40.

Paris

Bourse prices closed mixed in a quiet market influenced by the holiday period.

Banks, Rubbers, Insurance Funds and Oils mainly improved with Elf-Aquitaine gaining FFr 37 to FFr 1,235 in the Oils group.

Foods and Holding companies were mixed, while Motors, Mechanical Engineerings and Textiles lost ground.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SOUTH AFRICA

SINGAPORE

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Record EEC grain crop predicted

THE EEC could have a record cereals crop in 1980, in spite of bad weather earlier this summer, EEC commission officials predict.

According to preliminary estimates, the EEC wheat harvest could rise to a record 45m tonnes, from 42.3m tonnes last year, and the barley crop to a near record 40m tonnes, against 39m last year, they said.

But what is good news for farmers could cause difficulties for EEC officials trying to run a costly community grain policy without overspending.

Good EEC harvests and imports of cheaper grain substitutes like manioc from south-east Asia or maize by-products from the U.S. are pushing more EEC cereals on to world markets.

The result is a new burden on the EEC's overloaded budget, which in the wake of the row over Britain's payments earlier this year has become a live political issue, particularly in West Germany.

Reuter

● British wheat exports for the first 20 days of July totalled 21,475 tonnes compared with 2,464 tonnes a year earlier, according to the Home Grown Cereals Authority.

This brought exports for the season commencing August 1, 1979, to date to 557,000 tonnes, much higher than the 133,000 tonnes exported in the same period a year ago.

Barley exports for the first 20 days of July amounted to 66,923 tonnes against 22,833 tonnes a year earlier.

Thai crop estimate

In Bangkok Thailand's Board of Trade reported that the country's maize crop is expected to drop to 3.07m tonnes during the 1980-81 season July to February from 3.3m in the previous season.

The estimate followed a survey in the second half of July in the maize growing provinces. An earlier survey in May estimated the 1980-81 crop at 2.9m tonnes.

Reuter

Fisheries cash aid statement today

BY OUR COMMODITIES STAFF

THE GOVERNMENT is expected to announce aid to the UK fishing industry totalling £15m tonight. This follows a fishing industry request last month for a special subsidy of £35m to cover expected losses during the second half of this year.

The announcement was to have been made during a scheduled fishing debate on Tuesday night but this was prevented by the weight of business in the Commons. The debate was "talked out" again last night.

The fishing industry is not likely to be satisfied with aid on this scale. Last week the British Fishing Federation said the delay in granting aid had meant the required figure had already risen to £42m.

The fishermen blame their plight on cheap imports, particularly from other EEC countries, and the failure of Community fisheries ministers to agree on a long-term fishing policy. They have accused continental governments of subsidising their fleets to enable them to undercut prices needed by British catchers.

The UK Government accepts that the cheap imports are the cause of many of the problems but blames them on the strength of sterling, not on unfair subsidies.

Fishermen have also sought protection against imports through a system of levies or import restrictions but the Government has so far resisted this. The consumers in the European Community Group yesterday wrote to Mr. Peter Walker, the UK Agriculture Minister expressing its concern over calls for import taxes on fish.

It said real fish prices had been rising steadily driving down consumption by a quarter since the 1960s. "Higher prices would erode consumption still further without resolving the long-term problems of the fishing industry," the group said.

Fishermen's anger boiled over in Scotland last month when price support funds provided under an earlier Government aid scheme ran out.

This led to a sharp cut in quayside prices and the fishermen retaliated by going on "strike." They refused to go to sea until the Government agreed to do something about the situation. Eventually, however, they decided to resume their tasks on the understanding that further aid would be forthcoming shortly and that the Government would redouble its efforts to secure an equitable share of EEC fish resources for UK fishermen at negotations in Brussels.

A British Fishing Federation official said yesterday that the French Government was also thought to be about to announce extra aid for its fishermen.

He said the figures announced by both countries would be seen as demonstrations of their political will over the fisheries question rather than as straightforward attempts to aid their fishermen.

Traders shrug off threat to sugar

BY RICHARD MOONEY

REPORTS THAT Hurricane Allen was threatening sugar crops accounting for about 8 per cent of world production were shrugged off by world market traders yesterday.

London dealers said hurricane fears were a background influence but they did not lead to any substantial addition to the recent strong advance. At the close January sugar futures were quoted £2 up on the day at £356.25 a tonne.

The hurricane threatened crops in Cuba, the world's third largest, producer, the Dominican Republic and Jamaica but no estimates of how much damage was done have been issued.

The dealers said values dipped slightly following the announcement of an unexpected cut in export taxes at yesterday's weekly Brussels export tender. The Commission authorised exports of 61,250 tonnes of white sugar at the tender, the highest weekly total so far this season.

Poor results from the first Swedish beet test had no impact on the market as they merely confirmed the impression formed by the West German test earlier this week which pointed to disappointing root weights and sugar content in this year's European crop.

The British Sugar Corporation said Britain's sugar beet crop was progressing well.

Warm sunny weather in July boosted sugar content after an unseasonally wet June. The crop is generally healthy with no pest or disease problems and prospects look very encouraging if there are normal weather conditions over the next two months, BSC said.

In Bangkok, meanwhile, the Thai Government said it was again putting a temporary ban on sugar exports in a bid to ease the shortage in the domestic market.

Barley offers maintain high rate

OFFERS of British feed barley into Government intervention continue at a high rate and intake for August is nearing storage capacity, the Home Grown Cereals Authority said.

The tonnage offered so far was not disclosed, but trade experts believe it to be well in excess of the 40,000 tonnes

However, quality requirements will determine whether the full tonage will be accepted, the experts added.

If Government-owned storage facilities for August are filled, then the purchase of commercial storage to accommodate the spillover is quite possible,

Current delivered value for August feed barley in East Anglia is around £90 per tonne compared with the intervention price of £96.44 bar barley of 15 per cent moisture. The September intervention price is about £1 per tonne more.

September delivery, basis East Anglia, was offered at £93.50 per tonne early today and is expected to maintain that premium

Coffee price recovery continues

By Our Commodities Staff

THE RECOVERY in coffee prices continued on the London futures market yesterday with the November position gaining another £35.5 to £1,272 a tonne. This followed a £74 rise on Tuesday.

Dealers attributed the rise mainly to speculative buying supported by the operations of the Bogota Group of Central American producers.

They suggested prices had become "oversold" in the recent sharp decline, which took prices to their lowest level for four years. The exceptionally mild winter weather in Brazil, which ruled out the chances of a damaging frost, was an important influence in the decline and dealers noted there had been no significant change in the Brazilian weather pattern this week.

International Coffee Organisation (ICO) executive director, Sr. Alexandre Beltrao, is consulting with ICO members to seek their views on the advisability of introducing export quotas to discourage further coffee price falls.

This follows a unanimous request by the ICO executive board last week at a special meeting triggered by falling coffee prices, to review the market and consider appropriate action.

The board asked Sr. Beltaro to report on his consultations at its next meeting in London on September 15.

Liverpool conference planned

AN INTERNATIONAL commodities conference is to be held in Liverpool in October as part of the port's efforts to win a bigger share of European trade in grains and oils.

The port is already the principal UK importing centre for grains and oils, with nearby mills estimated to account for more than 50 per cent of UK processing.

The big continental ports, including Rotterdam and Antwerp, have been increasing their trade with the UK however, breaking up bigger cargoes from the U.S.

TEA SALES

China enters race

BY KEVIN RAFFERTY

A NEW competitor has entered the world tea market and threatens to give a tough time to the established tea growing countries, especially those of Asia. The new entrant is China.

In the last five years China has almost doubled its exports of black tea. Most noteworthy in the last year it has started to make inroads into the U.S. market at the expense of Sri Lanka. Last year, Sri Lanka's tea sales to America fell by more than half; China's sales doubled.

China has won a good reputation both as to reliability and to price. Mr. B. Warusavithana, the chairman of the Tea Board in Sri Lanka, said: "The Chinese have had 60 fellows in America for two months and they have been most helpful and collected a number of forward orders there." Indian tea sources say that Chinese black tea is being sold at prices about 25 per cent below Indian teas.

In a market which is particularly price conscious, this is an extremely important point. Consumers in the UK and Australia also have a reputation for being more interested in price than quality and may be vulnerable to Chinese tea promotions.

As to the sales figures, China in 1979 exported 106m kilos of tea or about half the amount that India and Sri Lanka each exported. Slightly more than half of the Chinese tea exports were of green tea; even so, the jump from 36m kilos of black tea exports in 1978 to 52.2m last year takes China into the second division of tea exporters, along with Kenya, Indonesia and Bangladesh.

China's competitive entry to the tea market comes at a bad time for other producers, and India and Sri Lanka are likely to be the most threatened.

Th position of tea in 1980 illustrates many of the problems. World production is likely to fall by perhaps 25 to 30m kilos. Sri Lank's production will fall by about 12m kilos because of the failure of the monsoons. India's exports have been disrupted by troubles in the north east as well as by perennial shipping problems in Calcutta. But the producers complain that the world price has not kept pace with rising costs of production.

In spite of optimism earlier in the year the tea producing countries have not been able to agree on world export limits. In Bandung, Indonesia, on May 10, exporting countries agreed they should take measures to stop "further serious erosion of profitability in the industry and a continuing decline in the purchasing power of tea export earnings."

Further agreement has fallen down on the conflicting ambitions of the mainly African new producers and the Asian traditional producers. India and Sri Lanka have established markets to defend. Kenya and other African producers are still expanding.

A leading Sri Lanka tea official admitted: "If I were an African why should I agree to tea quotas. What is the incentive for it to stop in the middle of a vigorous planting programme?"

Other African countries like Zaire, Tanzania, Uganda and Malawi, have also tried to expand tea production.

They have newer bushes and are able to take advantage of improved cloning and production techniques. In India and Sri Lanka, growers say that much of the acreage should be replanted but they cannot afford it and do not get government assistance for renewal programmes.

Some tea brokers on the Indian subcontinent also complain that the Africans have an extra advantage because of the links between their estates and the big London tea houses. In shipping and other support services African producers also have the edge.

Of the big two, Sri Lanka is in the worse position. Both India and Sri Lanka suffer from a failure to match their ambitions with actual practice. Both have tea planters complaining about the greediness of the government tax take and the weight of bureaucratic controls. But Sri Lanka is more exposed.

India has a large domestic market and some India tea specialists have warned that unless there is extensive replanting the domestic market will cut further and further into exports. Sri Lanka on the other hand has to export almost all of its tea production.

It is also still sorting out the problems of nationalising the tea estates and taking over their management. The government is pressing ahead with plans to split the two nationalised marketing companies into eight, a move which has brought opposition and unhappiness among the official tea interests. "It means we will have to deal with eight jokers instead of two," one official commented frankly.

Some Colombo brokers also complain of the government's appetite for schemes it has not got the capacity to fulfil. One recent one was the idea that Colombo should become an international tea blending centre, to which brokers commented that shipping services were not regular enough, let alone the infrastructure or administration good enough.

Japan may be the next market for China to attack. In the first three months of 1980 it sold about 15 tonnes of tea to Japan compared with less than one tonne in the same period last year. In the past decade the Chinese have learned much about Western commercial practices. Their own needs for foreign exchange to pay for imports of technology and capital to sustain the four modernisations will ensure that Chinese competitive instincts are encouraged — which is often more than can be said for the subcontinent.

India in move to buy jute

THE INDIAN Government has asked the State-owned Jute Corporation of India to "purchase any quantity" of raw jute in the new season which began last month to ensure a minimum support price to growers, Pranab Mukherjee, Commerce Minister, told Parliament.

He said the Indian Jute Mills' Association has also been persuaded to buy 3.6m bales of raw jute between September and December this year to help growers.

The mills will use about 2.4m bales during the September-December period and a further 1.2m bales will be used to build up higher inventories, he said.

He said the Government has asked the Reserve Bank of India to offer additional credit facilities to the mills from this month to enable them to build up higher inventories.

The RBI had already raised credit facilities to £40m from £34m recently, he said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved higher in good two-way trading on the London Metal Exchange. Forward metal opened better in pre-market trading on the back of stronger sterling, remaining above the £930 level for most of the morning, with a late decline to £929.5 and a close on the midday Kerb of £931.5. The afternoon pre-market opened at £929.5, trading up to £931. The Rings saw forward metal at £931, slipping to £928 and rallying to a close on the late Kerb of £931. Turnover 12,825 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	910-.5	+6.75	908-10	—.75
3 months	929.5-30	+8.25	928-9	—.75
Settlem't	910-5	+6.5	—	
Cathodes				
Cash	878-9	+4.5	875-7	—2.5
3 months	904-5	+5	902-4	—2
Settlem't	879	+4	—	......
U.S. Prod.	—	......	*100-108	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £910. Three months £932, 31, 29, 28, 29, 30, 29, 29.5, 30. Cathodes, three months £906, 05. Kerb: Wirebars, three months £930, 31. Afternoon: Wirebars, three months £930, 31, 29, 28. Kerb: Wirebars: three months £928, 27, 28, 29, 30, 31, 30.5.

TIN—Lost a little ground in good business. Forward metal opened in the morning Rings a little lower at £7,180, and further selling pressure took the price back to £7,170. At this point, cash metal moved up to £7,280, for a backwardation of £100. The afternoon was quieter, with forward metal trading in the range between £7,180 and £7,190, finally closing on the late Kerb at £7,185, where the backwardation narrowed to £80. Turnover 1,415 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7280-300	+50	7270-5	+30
3 months	7185-95	—20	7190-200	—28
Settlem't	7300	+50	—	......
Standard				
Cash	7280-300	+50	7270-5	+50
3 months	7180-5	—20	7185-90	—10
Settlem't	7300	+50	—	......
Straits. E.	$2156	—19	—	......
New York	—	......	—	......

Morning: Standard, cash £7,280, 70, 80. Three months £7,170, 80. Afternoon: Standard, cash £7,270. Three months £7,180, 85. Kerb: Standard, three months £7,185, 90, 80.

LEAD—Advanced in active trading. Forward metal opened at £363, moved up to £373 and remained steady at that level throughout the day. The price finally closed on the late Kerb at £374.5. Turnover 7,325 tonnes.

Morning: Cash £360, 58, 57. Three months £372, 71, 70, 69. Kerb: Three months £369, 70, 71. Afternoon: Three months £370, 71, 72, 73, 72, 72.5, 73. Kerb: Three months £373, 72, 73, 74.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-.5	+8	360-2	+11.5
3 months	369-.5	+10.5	373-4	+15
S'ment	356.5	+8	—	......
U.S. Spot	—	......	*34-6	......

ZINC—Gained ground in active trading. Forward metal traded in the pre-market between £330 and £337, with the price falling a little during the Rings, to as low as £332 at one stage of the morning. During the afternoon Rings, forward metal traded up to £337 on Eastern European and speculative buying, and closed slightly weaker than this at £336.5 on the late Kerb. Turnover 11,325 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	320-5	+5.75	322.75	+10
3 months	332-3	+6	335-.5	+4.5
S'ment	320.5	+5.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Three months £334, 33, 32, 31. Kerb: Three months £333, 32, 33. Afternoon: Cash £323.25. Three months £333, 34, 34.5, 35, 35.5, 35, 35.25, 35. Kerb: Three months £334, 35, 36, 37, 38, 37.

ALUMINIUM—Moved higher in active trading conditions. After opening in the pre-market at £740, forward metal traded up to £744. The backwardation widened to £22, and the close on the late Kerb was £744.5. Turnover 5,900 tonnes.

Alumin'm	a.m. Official	† + or —	p.m. Unofficl'l	† + or —
	£	£	£	£
Spot	761-2	+14.5	762-5	+3
3 months	742-3	+5	742-40	+5.5

Morning: Cash £761. Three months £742, 43, 44, 42, 44, 43, 42. Kerb: Three months £743. Afternoon: Three months £743. Kerb: Cash £765. Three months £742, 43, 44.

NICKEL—Moved higher in quiet and routine trading. Forward metal traded up to £2,810, encountered some selling pressure which took the price down to £2,800, and recovered to a close on the late Kerb of £2,815. Turnover 312 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	2780-90	—5	2790-5	+2.5
3 months	2805-10	—5	2810-20	+2.5

Morning: Cash £2,780. Three months £2,810, 2,800, 2,809, 10. Afternoon: Three months £2,810, 15.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 12.25p an ounce lower for spot delivery in the London bullion market yesterday, at £6.7020. U.S. cent equivalents of the fixing levels were: Spot $15.90, down 80c; three-month $16.260, down 18.6c; six-month $16.611, down 28.6c; and 12-month $17.530, down 11.1c. The metal opened at £6.72-£6.78 ($15.90-$16.06) and closed at £6.68-£6.74 ($15.85-$16.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofficl'l	+ or —
Spot	670.20p	—12.½	670p	—2.0
3 months	686.70p	—12.3	697.0p	—2.0
6 months	718.10p	—12.5	—	......
12 months	754.70p	—7.8	—	......

LME—Turnover 99 (35) lots of 10,000 ozs. Morning: Three months 700, 697, 96.5, 96. Kerb: Three months untraded. Afternoon: Three months 698. Kerb: Three months 696.5.

COCOA

The market steadied £6 early on following a firm New York close, but lost ground as sterling steadied against the dollar. Producers were sidelined and consumers only showed interest as the market returned to the lows of Tuesday. Ring covering on the close pushed values up to Tuesday night's levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	980-983	—1	988-974
Dec	1020-1021	—1	1029-1015
March	1062-1063	......	1069-1055
May	1080-1081	—3.5	1089-1071
July	1103-1104	—1	1108-1103
Sept	1123-1124	—2	1125-1120
Dec	1142-1153	—1.5	—

Sales: 1,382 (1,922) lots of 10 tonnes.

COFFEE

Early follow-through buying prompted opening gains in Robustas, but trade resistance around recent chart objective levels thwarted any major rally, reports Drexel Burnham Lambert. A steady New York opening fuelled the upward momentum further, and gains of up to £60 were recorded before late profit-taking and producer-type selling eroded values by some £20 from the day's highs.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept	1237-38	+48.5	1249-09
Nov	1270-74	+35.5	1295-55
January	1301-02	+32.5	1335-1298
March	1285-90	+39.0	1315-1285
May	1300-15	+47.5	1320-1285
July	1290-1316	+45.0	1305-1270
Sept.	1305-59	+58.0	—

Sales: 6,035 (6,022) lots of 5 tonnes.

ICS indicator prices for August 4. (U.S. cents per pound). Other Mild Arabicas 138.17 (133.00). Robustas ICA 1976 132.75 (129.00). ICA 1968 133.00 (129.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 165.70 (162.75).

GRAINS

LONDON GRAIN FUTURES—Grains opened unchanged, in fairly quiet trading. Wheat values eased on hedge selling pressure, the main trade being on nearby options with values closing about steady on the day. Barley saw very active trading with continued hedge selling, mainly on September, widening the September-November spread further. Distants saw good support and closed steadier on 5-10p lower, with September 80 down on the day, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	95.40	—0.20	90.60	—0.80
Nov.	99.05	—0.25	95.00	—0.15
Jan.	103.00	—0.25	99.05	—0.05
Mar.	106.45	—0.20	102.45	—0.05
May	109.85	—0.25	105.70	—0.10
July	113.40	—0.20	—	......

Business done—Wheat: Sept. 95.55-95.40, Nov. 99.20-99.00, Jan. 103.15-103.00, March 106.60-106.50, May 110.00-109.90, July nil. Sales: 118 lots of 100 tonnes. Barley: Sept. 90.80-90.60, Nov. 95.20-95.00, Jan. 99.15-99.00, March 102.60-102.50, May 105.85-105.65. Sales: 396 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 100, Sept. 100.75, Oct. 103.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug. 96.50, Sept. 98.75, Oct. 99.75, transhipment East Coast. English Feed fob Sept. 100, East Coast. Maize: U.S./French Aug. 122, transhipment East Coast. S. African Yellow Aug.-Sept. 80. Barley: English Feed fob Sept. 93.10, Oct. 96, Nov. 98, Dec. 100, East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 86.70, E. Midlands 86.40, N. East 86.80, Scotland 88.00. Feed Wheat: Eastern 93.50, E. Midlands 94.00, N. East 95.50. Other Milling Wheat: Eastern 100.00.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 456.0, 456.5, 457.6-456.0, 6; Dec. 459.0, 459.6, 460.0-459.0, 35; March 465.5, 466.0, 467.5-465.5, 19; May 468.0, 468.0, 469.0-467.0, 7; July 469.0, 470.5, nil, nil; Oct. 468.0, 471.0, nil, nil; Dec. 470.0, 471.5, nil, nil. Sales: 67.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 356, 361, nil, nil; Oct. 363, 366, nil, nil; Dec. 364, 368, 364, 1; Jan. 367, 369, 367, 20; March 370, 372, 371, 6; May 371, 375, 371, 5; Aug. 372, 376, nil, nil; Oct. 375, 378, nil, nil; Dec. 375, 378, nil, nil; Jan. 375, 380, nil, nil. Sales: 31.

‡ Unquoted. s Sept. w Aug. y Oct. r Aug/Sept. z Indicator. § Buyer. † Per 76-lb flask.

RUBBER

The London physical market opened steadier, with little interest at higher levels, closing easier. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 292.5 (——) cents a kilo and SMR 20 at 261.5 (——).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	58.50-60.00	60.50-60.50	—
Oct.	60.50-60.90	61.50-61.50	61.00
Oct-Dec	61.50-61.70	62.40-62.50	62.80-61.70
Jan-Mar	65.10-65.20	65.80-65.90	66.30-65.10
Apr-Jne	68.20-68.30	68.90-69.00	69.30-68.30
Jly-Sept	70.90-71.00	71.80-71.90	71.90-70.90
Oct-Dec	73.50-73.60	74.40-74.60	74.70-73.60
Jan-Mar	75.90-76.00	76.80-77.00	77.10-76.00
Apl-Jne	78.70-78.80	79.50-79.90	79.50-78.70

Sales: 468 (695) at 15 tonnes: 3 (3) at 5 tonnes.

Physical closing prices (buyer) were: Spot 56.75p (57.50p); Sept. 61.50p (62.00p); Oct. 62.00p (62.54p).

SOYABEAN MEAL

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	115.50-18.5	—0.50	—
October	118.10-18.4	+0.70	119.10-18.00
December	122.80-22.9	—0.25	124.00-22.50
February	124.90-25.9	—0.55	125.70-25.00
April	126.50-27.0	+0.50	—
June	126.50-28.5	+0.50	—
August	127.00-31.0	......	—

Sales: 170 (95) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £325.00 (£322.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £337.00 (£339.00).

The threat of damage to cane sugar producing areas in the Caribbean from Hurricane Allen, tended to produce a steady market initially, but eased later when it became apparent that the hurricane's centre would by-pass Cuba. Fluctuations were contained within a £5-£9 range of prices, with the highest levels some £5 lower than yesterday. The report from Thailand of a further temporary export ban failed to affect sentiment.

No. 4 Con. tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	348.00-48.50	347.50-348.0	355.00-41.00
Jan	355.50-57.00	354.00-354.5	365.00-54.50
Mch	358.00-58.25	356.75-357.0	361.50-52.80
May	348.00-49.00	349.50-350.0	358.00-45.05
Aug	332.50-34.00	335.50-338.0	358.00-30.00
Oct	318.00-21.00	322.00-324.0	321.00-18.00
Jan	300.00-16.00	310.00-318.0	312.50

Sales: 5,980 (9,729) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 326.00, 327.00, 333.50-326.00, 92; Oct. 352.00, 352.50, 355.00-345.00, 1,214.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £420.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 5: Daily price 32.83 (30.34); 15-day average 28.04 (27.70).

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HIDES—Birmingham: slightly weaker —Ox 31/35.5 kilos 32p withdrawn (33.5); 26/30.5 kilos 37p withdrawn (37.1); 22/25.5 kilos 39.2p (38.6). Light cows 37p withdrawn (40.1).

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 6 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1760/1790	+50	$1720/174
Copper			
Cas w'bar	£909	—0.75	£895
3 mths	£928.50	—0.75	£917.5
Cash Cathode	£876	—2.5	£868
3 mths	£905	—2	£894
Gold troy oz	$627.5	—2	$663.5
Lead Cash	£361	+11.5	£336.5
3 mths	£373.5	+13	£344.5
Nickel	£3,186.45	......	£3,248.55
Freemkt (cif (lb)	$2.90/3.05	......	280/310c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£270.95	—4.65	£294.75
Quicksilver†	$400/415	......	$385/405
Silver troy oz	670.20p	—12.25	716.0p
3 mths	686.70p	+12.50	744.40p
Tin Cash	£7,272.5	+30	£7,210
3 mths	£7,195	—20	£7,225
Tungsten 22.04 lb	$143.39	+0.74	$143.85
Wolfrm 22.04 lb	$148/151	—	$145/146
Zinc cash	£328	+10	£299.5
3 months	£335.25	+4.5	£310.5
Producers	$780	......	$780
Oils			
Coconut (Phil)	$645r	+10	$645x
Groundnut	‡	—	‡
Linseed Crude	£419w	—	£410
Palm Malayan	$550y	—	$555s
Seeds			
Copra Philip	$445r	—5	$450x
Soyabean (U.S.)	‡	—	$585.65w
Grains			
Barley Futures	£95.00	—0.15	£99.50
Maize			
French No3AM	£122	—	‡
Wheat			
No. 1 Red Spg.	‡		‡
No2HardWint	£96.75	—	£92.50
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,075	—1	£1,094
Future Dec.	£1,020.5	—1	£1,048.5
CoffeeF t' Nov.	£1,272	+35.5	£1,384.5
Cotton A Index	94.30c	—0.10	95.70c
Rubber (kilo)	56.75p	—0.75	57.75p
Sugar (Raw)	£325	+3	£261
Woolt'ps 64s kl.	286p kilo	—	280p kilo

— not available. s Sept. w Aug. z Indicator. § Buyer. † Per 76-lb flask.

COTTON

LIVERPOOL—No spot or shipment sales were recorded in Liverpool yesterday, leaving the total for the week so far at 41 tonnes. Operators were again deterred from extending engagements by numerous outside influences. Interest ranged over various qualities, but was nowhere extensive.

MEAT/VEGETABLES

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: 54/113s 5.20-5.40; Californian Sunkist: Valencia Lates 72/113s 6.00-6.40; Outspan: Protea/Navels 3.00-5.55; Jaffa: 144/168s 1.25-1.50. Lemons—Italian: 100/150s 4.60-4.80; Spanish: trays 25/45s 2.20-2.40, boxes 4.50-6.00; Outspan: boxes 6.00-6.20. Grapefruit—Outspan: Marsh Seedless 3.90-5.10. Tangerines—Brazilian: Honey 80/125s per box 7.25. Apples—Tasmanian; Democrat 9.50-10.00, Croftons 10.00, Granny Smith 12.50; S. African: Golden Delicious 14.00, Granny Smith 13.50; Dutch: 22 lb Golden Delicious 4.40; Spanish: 22 lb 5.60-6.00, 40 lb 10.50-11.50. Pears—French: Dr. Guyot per 28 lb 3.20, Williams per pound 0.16-0.18. Peaches—Italian: 1½ trays 2.40-2.80; Greek: 2.40; French: 2.40-2.60. Nectarines—Italian: 2.50-3.50. Plums—Spanish; Santa Rosa 1.60-3.00, Burbanks 2.20-3.20; Italian: Burbank 0.20-0.25 per pound. Apricots—Hungarian: per 10 lb. 3.00-3.20. Grapes—per pound Cypriot: Cardinal 0.32, Sultana 0.34, Alphonse Lavalee 0.50. Melons—Israeli: Ogen 3.00-4.00; Yellow 10 kg 3.00-3.40; French: large tray Cherentais 8.00. Watermelons—Greek; per 12 kilos 3.50 per 15 kilos 4.00. Bananas—Jamaican: 28 lb per pound 0.17. Tomatoes—Guernsey: 2.00, Jersey: 1.40; Dutch: 2.00. Onions — Spanish: 5.00-5.40; Texas: 5.60. Cabbages—Dutch: White 3.60-4.00. Capsicums — Dutch: 3.80 Green, 7.50 Red. Cherries—American: per pound 0.80. Corncobs—Spanish: per pack 16 x 3 8.00.

English Produce: Potatoes—per bag, new 1.00-1.40. Mushrooms—per pound 0.30-0.50. Apples—per pound Grenadier 0.16-0.18, Filbasket 0.20, Howgate 0.22, George Cave 0.20, Miller's Seedling 0.22. Plums—per 12 lb Rivers 1.40-1.50, Oulan's Gage 1.80-2.00. Cabbages—per bag 1.80-2.20. Cauliflowers—per 12 1.00-1.50. Peas—per pound 0.10-0.15. Broad Beans—per pound 0.10. Beetroots—per bag 1.40. Cucumbers—trays 10/20 1.60-1.80. Tomatoes—per 12 lb 1.40-1.60. Lettuces—per pound round 1.40, Cos 1.60, Webbs 1.80 Carrots—New crop 28 lb 1.50-2.00. Onions—per bag 3.00-4.00. Celery—per 12/30 2.00-2.80. Cherries—per pound 0.35-0.40. Marrows—Each 0.10-0.12. Capsicums—per pound 0.30-0.35. Runner Beans—per pound 0.12-0.30. Swedes—per 28 lb Devon 1.40-1.60. Courgettes—per pound 0.14-0.16.

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 66.0; Ulster hindquarters 68.0 to 72.0, forequarters 37.0 to 40.0; Eire hindquarters 69.0 to 72.2, forequarters 37.2 to 40.2. Veal: Dutch hinds and ends 94.0 to 102.0. Lamb: English small 54.0 to 59.2, medium 51.5 to 58.0, heavy 48.0 to 53.5; Imported frozen—NZ PL 59.0 to 60.0, NZ PM 53.0 to 54.0. Pork: English, under 100 lb 40.0 to 48.0, 100-120 lb 38.0 to 46.5, 120-160 lb 38.0 to 44.5.

MEAT COMMISSION—Average fatstock prices at representative markets on August 6. GB cattle 73.93p per kg lw (+0.66); UK sheep 114.15p per kg est dcw (−12.79); GB pigs 63.14p per kg lw (+0.86).

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GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.40-£3.70; Haddock, large £3.80-£4.20, medium £2.80-£3.60, small £2.00-£2.50; Plaice large £5.00-£6.20, medium £4.40-£5.80, best small £3.20-£4.30; Skinned Dogfish (large) £7.00-£7.50, (medium) £6.00-£6.50; Lemon Soles large £8.50, medium £7.00; Saithe £2.40-£2.80.

AMERICAN MARKETS

NEW YORK, August 6.

THE LIVESTOCK markets finished mixed on weak demand at the wholesale and retail levels. Copper advanced on trade buying and refiner posting of higher price lists. Coffee rallied sharply on new technical buying. Cocoa was featureless and traded mixed most of the day. Overseas interest in silver and gold helped rally both markets on the close. Grains maintained their moderate gains through the close, on reports of irreversible damage to the new crops, while soyabeans sold off on the close in response to reported showers. Sugar maintained moderate gains through most of the day as Hurricane Allen raised anticipations of potential crop losses in the Caribbean. Cotton lost most of early gains and finished mostly moderately lower, reported Heinold.

Copper—Aug. 98.20 (96.85), Sept. 98.80 (97.45), Oct. 99.15, Dec. 99.80, Jan. 100.15, March 101.00, May 102.00, July 102.90, Sept. 103.80, Dec. 105.20, Jan. 105.60, March 106.40, May 107.20.

Potatoes (round whites)—Nov. 87.7 (88.5), March 115.7 (116.3), April 143.7.

¶Silver—Aug. 1633.5 (1596.0), Sept. 1643.5 (1607.0), Oct. 1659.5, Dec. 1690.5, Jan. 1707.0, March 1740.0, May 1773.0, July 1806.0, Sept. 1839.0, Dec. 1888.0, Jan. 1905.0, March 1938.0, May 1971.0. Handy and Harman bullion spot 1578.00 (1568.00).

Sugar—No. 11: Sept. 33.88 (34.30), Oct. 34.40 (34.45), Jan. 35.14, March 35.38, May 34.21, July 32.97, Sept. 31.25, Oct. 30.75, Jan. 29.25.

Tin—780.00-795.00 asked (780.00).

...CHICAGO, August 7....

Lard—Chicago loose 22.60 (same). New York prime steam unquoted.

Live Cattle—Aug. 73.15 (72.55), Oct. 69.57 (69.50), Dec. 69.40, Jan. 70.80, Feb. 70.77, April 71.97, June 73.20.

Live Hogs—Aug. 46.30 (45.60), Oct. 42.87 (42.72), Dec. 46.25, Feb. 49.27, April 48.50, June 51.15, July 51.90, Aug. 51.90, Oct. 51.50.

‡‡Maize—Sept. 341½-341¾ (338¾), Dec. 345-344½ (342¾), March 350¾-350, May 351-351½, July 349-348½, Sept. 338.

Pork Bellies—Aug. 46.20 (45.17), Feb. 61.85 (61.25), March 61.80, May 62.22, July 62.30, Aug. 62.00.

Silver—Aug. 1631.0 (1602.5), Sept. —— (1612.5), Oct. 1665.0, Dec. 1700.0, Feb. 1734.0, April 1768.0, June 1802.0, Aug. 1836.0, Oct. 1870.0, Dec. 1905.0, Feb. ——, April ——, June ——, Aug. 2045.0.

†Soyabeans—Aug. 772 (776½), Sept. 778-777 (781), Nov. 793-796, Jan. 806-804, March 815-814, May 812, July 812-809½, Aug. 803.

‖Soyabean Meal—Aug. 212.0-212.5 (211.8), Sept. 215.0-215.5 (214.5), Oct. 217.5-218.0, Dec. 221.5-222.0, Jan. 223.5, March 224.0-223.5, May 224.5, July 226.0-225.5, Aug. 224.0-224.5, Sept. 224.0.

Soyabean Oil—Aug. 27.40-27.50 (27.70), Sept. 27.65-27.70 (27.91), Oct. 27.85, Dec. 28.15-28.05, Jan. 28.00-28.05, March 28.00-28.15, May 28.15-28.05, July 28.25-28.15, Aug. 28.10-28.20, Sept. 28.10-28.20.

†Wheat—Sept. 459-459½ (458½), Dec. 479-479½ (478¼), March 495, May 498-498½, July 496, Sept. 503.

WINNIPEG, August 6. §Barley—Oct. 136.30 (136.50), Dec. 134.90 (134.70), March 136.00, May 136.50.

unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 6.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug. $207, Sept. $211, Oct. $213, Nov. $219, Dec. $221. U.S. No. 2 Red Winter, Aug. $199, Sept. $201, Oct. $202.50. U.S. No. 2 Northern Spring, 14 per cent, Aug. $213, Sept. $215, Oct. $220, Nov. $223, Dec. $224.

Maize—U.S. No. 3 Corn Yellow spot $167, afloat $16 5, Aug. $164 traded, Sept. $165, Oct. $166, Nov. $167, Dec. $168.50, Jan.-March $173.

Soyabeans—U.S. Two Yellow Gulfports Aug. $314.75, Sept. $319, Oct. $325, Nov. $328.25, Dec. $331.25, Jan. $334, Feb. $337, March $339, April $339.50, May $339.50. Argentine Aug. $305, Sept. $310 sellers.

Soyameal—44 per cent protein U.S. afloat $250, Aug. $258, Sept. $265, Oct. $269, Nov.-March $278. Brazil Pellets afloat July $264, Aug. $268, Sept. $276, Oct. $284, Nov.-March $290.

INDICES

FINANCIAL TIMES

Aug. 5	Aug. 4	M'nth ago	Year ago
274.76	270.58	272.46	279.23

(Base: July 1, 1952=100)

MOODY'S

Aug. 5	Aug. 4	M'nth ago	Year ago
1225.6	1221.5	1184.7	1057.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 5	Aug. 4	Month ago	Year ago
Spot	445.92	441.57	412.83	395.10
F'tur's	450.57	445.96	439.17	401.90

(Average 1924-25-26=100)

REUTERS

Aug. 6	Aug. 5	M'nth ago	Year ago
1717.1	1712.6	1676.	1560.7

(Base: September 18, 1931=100)

CONTRACTS AND TENDERS

PUBLIC NOTICES

GREAT YARMOUTH CORPORATION BILLS

£488,000 Bills issued 6th August 1980 at 14²¹⁄₃₂% to mature 5th November 1980. Applications £5,346,000. None outstanding.

LEICESTER CITY BILLS

£1,800,000 Bills issued 6th August 1980 at 14²¹⁄₃₂% to mature 5th November 1980. Applications £12,600,000. Outstanding £1,800,000.

STOCKPORT CORPORATION BILLS

£1,000,000 Bills issued 6th August 1980 at 14²¹⁄₃₂% to mature 5th November 1980. Applications £10,000,000. Outstanding £5,500,000.

COMPANY NOTICES

BARCLAYS BANK LIMITED

NOTICE IS HEREBY GIVEN that the Board of Directors of Barclays Bank Limited will meet on Thursday, 21st August 1980, to consider the payment of an Interim Dividend.

D. H. JOHNSON, Secretary.

54 Lombard Street.
London, EC3.
7th August 1980.

Extent of money growth distortion causes heavy tone
Gilts down £3 and 30-share index falls 7.8 to 473.1

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

Yesterday was a black day for London stock markets. The Gilt-edged market remained in a state of confused shock because of the extent of the distortion in money growth last month caused *by the removal of corset controls.* The figures apparently rule out any further reduction in Minimum Lending Rate for the next month or so at least, and Gilts suffered their heaviest *falls for some considerable time.* The official view that money supply is under reasonable control was considered to be complacent. Equities had no option but to follow the downslide in gilts and the leaders closed with widespread losses.

Nervous selling was expected of Government stocks and dealers took avoiding action from the opening, lowering quotations sharply and widening their dealings spreads. A fair amount of stock still came on offer, however, and, with buyers very quickly satisfied, the mediums/longs fell continuously and were at the lowest of the day in trade after the official close. Falls then ranged to over three points which included losses of around ¾ incurred late on Tuesday.

Treasury 13¼ per cent 2004-08 closed 3¼ down at 101¾ and the £20-paid medium tap stock, Treasury 11¾ per cent 1991 "A," activated by the authorities just two weeks ago in first-time dealings at 20½, fell to 15¾, or a discount of over four points on the issue price. Short-dated Gilts were unable to sustain attempted rallies and they, too, settled at the session's worst with losses of a point and more. Exceptions to the trend were Variable coupon issues and selected nearer maturities which benefited from funk money. Measuring the market weakness, the FT Government Securities index sustained its largest single-day fall since November 15 last to close 1.48 lower at 68.67.

Leading equities felt the effects, and selected sectors, namely Properties and Electricals, saw initial selling from nervous holders. Thereafter, business came to a virtual standstill but with sentiment dominated by Gilt market events. Most leading shares settled at the lowest, a fact recognised by a closing loss of 7.8 to 473.1 in the FT Industrial Ordinary share index.

Business volume in Traded options increased with 900 deals compared with the previous day's 422. **Lonrho** were again well to the fore, recording the most trades at 179.

The market's outstanding bright feature of the day was provided by newcomer **Baker Electronics**: from an opening level of 91p, the shares, dealt *under special rule, pushed ahead* to 103p compared with the placing price of 60p.

HP's fall

The prospect of a further prolonged period of high interest rates continued to depress Hire *Purchases.* **Lloyds and Scottish**, 153p, and **Provident Financial**, 133p, fell 9 apiece, while **UDT** lost 4 to 58p and the 16 per cent **Convertible 1979-81** relinquished 12 points to £167. **FNFC** issues also came on offer, and the ordinary closing a couple of pence easier at 22p and the 9½ per cent Convertible 1982 7 points down at £108. Yesterday's severe setback in gilts made for renewed dullness in Discount Houses and **Union** declined 8 for a two-day relapse of 30 at 470p. **Allen Harvey and Ross** declined 15 to 400p and **Seccombe Marshall and Campion** 10 to 250p, while **Gerrard and National** cheapened 8 to 272p and **Cater Ryder** 7 to 366p. Among overseas issues, **Grindlays** lost 10 to 122p. Having fallen quite sharply following some disappointing interim results, the major clearers held up well and closed at their overnight levels.

Insurances succumbed to the general malaise. **Royals** fell 14 to 383p, **GRE** 12 to 310p and **Eagle Star** 10 to 221p. Ahead of interim announcements, due next Monday and Wednesday respectively, **Commercial Union** eased 6 to 140p and **General Accident** dipped 10 to 308p. Elsewhere, **Pearl** cheapened 14 to 382p and **Hambro Life** receded 10 to 241p.

Breweries followed the general downward trend, with underlying sentiment additionally affected by the continued slide in beer production figures. *Whitbread "A" lost 4 to 148p* and losses of 2 were common to **Scottish and Newcastle**, 62p, and **Guinness**, 87p.

Recent adverse Press comment continued to weigh heavily on Buildings with most issues encountering fresh selling. Certain leading issues, however, finished above the worst, **Blue Circle** closing 4 off at 354p, after 352p, and **Tarmac** 3 down at 263p, after 262p. **Ready Mixed Concrete** shed 5 more to 185p, after 184p, while **Taylor Woodrow** touched 456p before closing 5 lower on balance at 458p, the latter still reflecting disappointment with the interim results.

Marked down at the outset, **ICI** encountered a fair two-way business at the lower level before sellers gained the upper hand and left the close 8 down at 358p. Among other Chemicals, **Rentokil** lost 4 at 155p and **Leigh Interests** 10 at 168p.

House of Fraser down

Adverse comment in the wake of the stormy Board meeting prompted a reaction of 3 to 137p in **House of Fraser**. Elsewhere in dull Stores, **Gussies "A"** declined 6 to 430p and **Debenhams** relinquished 3 to 71p. **F. W. Woolworth** gave up 2½ to 59p; the interim figures are due next Wednesday. **Polly Peck** fell 9 to 87p and **Foster Bros.** eased 4 to 82p. **Waring and Gillow**, on the other hand, edged forward 2 to 98p in response to the preliminary results.

Occasional selling which found the market unwilling was reflected in some fairly substantial falls in the Electrical leaders. **GEC** reacted 12 to 464p, while **Thorn EMI** closed similarly cheaper at 324p. **Racal** eased 6 to 271p and **Plessey** drifted off to close 4 cheaper at 208p. Secondary issues followed, but falls were usually relatively modest. **Unitech**, however, weakened 16 to 306p on further consideration of the preliminary results. **Muirhead**, a recent speculative counter, fell 7 to 128p.

Inclined easier at 252p in the earlier dealings, **Tubes** rallied *to close 2 dearer at 258p following* half-yearly figures in line with market expectations. In contrast, other leading Engineers followed the general downtrend, falls of around 4 being marked against **John Brown**, 57p, **GKN**, 241p, and **Hawker**, 218p. Elsewhere, reduced interim profits accompanied by the forecast that earnings in the second-half are expected to be even lower left **British Aluminium** 17 down at 168p. **Williams and James** gave up 6 to 141p in a thin market along with **B. Elliott** which lost 7 to 255p. **Glynwed** closed 2 cheaper at 91p, the increased interim profits being outweighed by the statement on current trading.

Foods lost ground as stock became available in increasing amounts, **J. Sainsbury** shedding 8 to 432p and **Rowntree Mackintosh** 6 to 150p. **George Bassett** became a particularly dull feature in secondary issues, falling 10 to 37p after disclosures in the annual report of former directors' "golden handshakes" totalling almost £200,000.

Taking their cue from a totally dejected gilt-edged market, miscellaneous industrial leaders fell sharply. **Unilver** stood out with a loss of 20 to 471p, while **Rank Organisation** gave up 8 to 174p. Awaiting the outcome of the company's plea to the Government for financial support of at least £7m in order to keep its newsprint mill open at Ellesmere Port, **Bowater** eased to 176p before closing a net 6 cheaper at 178p: **Reed International** gave up 5 to 192p in sympathy. **Beecham** declined 6 to 136p as did **Reckitt and Colman**, to 188p.

Hoover A dropped 17 to 150p, after 145p, while the ordinary cheapened 15 to 150p on the reduced interim dividend and the disappointing first-half profits. **J. Bibby** receded 12 to 198p despite the increased interim earnings, while falls of between 12 and 16 were seen in **Aeronautical and General**, 363p, **Foseco Minsep**, 158p, and **Ricardo**, 430p. Still reflecting the final dividend omission, the sharp setback in annual profits and the proposed rationalisation plans, **Rotaprint** eased 2 for a two-day *fall of 9 at 12p. Recently favoured* laundry and dry cleaning issues took a turn for the worse with **Initial Services** 7 off at 178p, **Sketchly** a similar amount lower at 278p and **Johnson Cleaners** 6 down at 178p. **Aaronson Bros.** softened a penny to 55p following the lower half-year profits.

Falls in Motors Distributors usually resulted from an initial mark-down, **Henlys** losing 3 to 87p and **Lex Service** 1½ to 78½p. Components had **Dunlop** 2 cheaper at 71p, **Lucas** 5 off at 213p and **Dowty**, a rising market recently on hopes of Brazilian mining equipment orders, 10 easier at 220p. **Kwik-Fit** added 3 to 81p on the acquisition of Firestone Tyre's UK retail tyre and exhaust depots.

The prospect of high interest rates continuing for some time caused some sizeable selling in Properties where **Land Securities** fell 10 to 352p and **MEPC** 7 to 217p. **Scottish Metropolitan**, 130p, **Great Portland Estates**, 262p, and **Haslemere Estates**, 344p, all lost 4, while **British Land** relinquished 3 to 87p. Elsewhere, recently firm **Estates and Agency** eased 4 to 100p, while **Fairview Estates** gave up 10 to 275p and **Westminster Property** 2 to 36p, the last-named following the interim figures. Other notable falls included **Town and City**, 1½ off at 22½p, and **Anglo Metropolitan**, 5 lower at 76p. **Second City Properties** provided a contrasting firm feature, rising 8 to 62p and aroused bid talk.

Oils inclined easier

British Petroleum fluctuated narrowly before settling with a modest improvement of 2 at 346p, but other Oil leaders drifted easier in another slow day's trading. **Shell** cheapened a few pence to 400p along with **Lasmo** also a shade lower at 665p. In the more speculative issues, **Aran** reacted 16 to 412p, while falls of 10 were seen in **Clyde**, 460p, **Pict** *Petroleum, 360p, and Sovereign,* 245p. **Berkeley** fell 8 to 176p and **British Borneo** 6 to 290p.

Among Financials, **Smith Bros.** ended a penny firmer at 39p, after 37p, following the recovery in second-half earnings.

Shippings met fresh offerings, **P. and O. Deferred** reacting 3 further to 119p and **Reardon Smith** a similar amount to 95p. Elsewhere, **Milford Docks** rallied 10 to 125p after the previous day's bout of selling thought to have been on behalf of dissident shareholders.

Tin share gains

Mining markets were quiet yesterday, with most shares moving within a narrow range. The major exceptions were tin companies involved in the Malaysia Mining Corporation's six-company merger, which has been declared unconditional.

New highs for the year were recorded by the three leading companies involved. In a "thin" market, **Malayan Tin Dredging** were marked up 50 to 960p, **Southern Malayan** 40 to 680p, and **Southern Kinta** 35 to 405p.

South African Golds mostly *followed* the course of the bullion price, opening stronger and drifting lower as the day went on. Gold finally closed at $627.5, and the Gold Mines index gave up 2.1 to 375.

Stilfontein, down 26 to 907p, and **Venterspost**, 15 lower at 664p, led the falls in the cheaper-priced issues.

South African Financials were mostly lower in sympathy, with "**Anamint**" outstanding at £43, down 1¼.

Australians were quiet with *mixed price changes.* **CRA** put on 12 to 272p, **Hampton Areas** 10 to 425p and **Pancontinental Mining** 10 to 340p, the last-mentioned on buying for entitlements to the Australian oil and gas issue.

FT-Actuaries

Most of Tuesday's group and sub-section indices in the equity series were in error in yesterday's issue because of a technical problem.

The indices, numbered 23 to 99 inclusive, have been corrected in today's display under the Tuesday, *August 5 heading.*

FINANCIAL TIMES STOCK INDICES

	Aug. 6	Aug. 5	Aug. 4	Aug. 1	July 31	July 30	A year ago
Government Secs.	68.67	70.15	70.24	70.78	70.78	71.43	73.35
Fixed Interest	70.57	71.88	72.00	72.51	72.81	73.56	74.12
Industrial	473.1	480.9	483.4	487.9	490.3	488.7	475.7
Gold Mines	376.0	377.1	374.4	376.8	369.8	376.7	189.8
Ord. Div. Yield	7.69	7.55	7.52	7.44	7.41	7.42	5.82
Earnings, Yld. % (full)	18.40	18.09	18.02	17.82	17.76	17.78	17.31
P/E Ratio(net) (*)	6.55	6.67	6.69	6.76	6.79	6.78	7.28
Total Bargains	19,254	18,125	17,819	18,614	19,916	19,636	—
Equity turnover £m.	—	77.11	75.59	89.33	101.30	112.56	81.31
Equity bargains total	—	11,304	12,214	12,002	13,842	13,580	11,988

10 am 478.0. 11 am 475.5. Noon 474.7. 1 pm 473.7.
2 pm 473.2. 3 pm 473.4.

Latest Index 01-246 8026.

* Nil=6.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	73.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (18/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (29/7)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 6	Aug. 5
—Daily		
Gilt Edged	129.0	143.2
Industrials	106.7	99.7
Speculative	32.0	39.8
Totals	76.2	73.8
5-day Avrge.		
Gilt Edged	125.3	124.3
Industrials	101.5	99.2
Speculative	31.6	33.9
Totals	71.2	71.1

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, August 5.

Merchant Banks	+ 53.13	Industrial Group	+ 20.42
Mining Finance	+ 47.84	Food Retailing	+ 19.93
Insurance (Life)	+ 46.60	Other Groups	+ 19.88
Electricals	+ 45.92	Stores	+ 19.67
Hire Purchase	+ 44.04	500 Share Index	+ 18.48
Gold Mines F.T.	+ 40.39	Engineering Contractors	+ 17.13
Property	+ 37.85	Metal and Metal Forming	+ 16.97
Shipping	+ 37.22	Packaging and Paper	+ 15.31
Electronics, Radio and TV	+ 36.33	Pharmaceutical Products	+ 14.85
Investment Trusts	+ 33.20	Breweries	+ 14.61
Discount Houses	+ 30.55	Tobaccos	+ 12.77
Capital Goods Group	+ 30.45	Newspapers and Publishing	+ 12.74
Building Materials	+ 29.82	Consumer Goods (Non-Durable) Group	+ 12.34
Contracting and Construction	+ 28.19	Chemicals	+ 12.12
Insurance (Composite)	+ 27.61	Food Manufacturing	+ 11.89
Insurance Brokers	+ 25.98	Oils	+ 11.28
Financial Group	+ 25.38	Wines and Spirits	+ 8.60
Overseas Traders	+ 25.36	Office Equipment	+ 4.75
Consumer Goods (Durable) Group	+ 22.74	Banks	+ 1.91
All-Share Index	+ 21.42	Motors and Distributors	+ 0.04
Entertainment and Catering	+ 21.32	Textiles	− 0.67
Mechanical Engineering	+ 20.42	Household Goods	− 15.99
		Toys and Games	− 43.33

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (18)

BRITISH FUNDS (2)
Treas. Variable '82 Treas. Variable '83
ENGINEERING (1)
Northern Eng'g
INDUSTRIALS (4)
Cont. Stationery Pauls & Whites
Holt Lloyd Int. Scotcros
MOTORS (1)
Kwik-Fit
PROPERTY (1)
Second City
TEXTILES (1)
Gaskell Broadloom
TRUSTS (2)
Eng. Nat. Inv. Dfd. Kellock
OIL & GAS (1)
Warrior Resources
OVERSEAS TRADERS (1)
Paterson Zochonis
MINES (4)
Falcon Southern Kinta
Malay. Dredging Southern Malayan

NEW LOWS (42)

BRITISH FUNDS (5)
Exchqr. 13pc 1980 Treas. 12pc 1987 (£20 paid)
Exchqr. 3pc 1983 Treas. 11¾pc 1991 A (£20 paid)
Exchqr. 12¼pc '85 A
BEERS (2)
Highland Distills. Tomatin
Invergordon
BUILDINGS (1)
Arncliffe
ELECTRICALS (1)
Jones Stroud
ENGINEERING (10)
Alcan Cronite Group
Baker Perkins Lane (Percy)
British Aluminium Lee (Arthur)
Burgess Products Mitchell Somers
Camford Eng. Weeks Assoc.
FOODS (2)
Bassett (Geo.) Robertson Foods
HOTELS (1)
Ryan Hotels
INDUSTRIALS (8)
Armour Trust Myson Group
Bodycote Int. Neill & Spencer
Dinkie Heel Pentos Dfd.
Elson & Robbins Rotaprint
LEISURE (1)
Pan Atlas
MOTORS (2)
Woodhead (J.) Zenith A
NEWSPAPERS (2)
Int. Thomson Conv. Routledge Keg. Paul
SHIPPING (1)
Common Bros.
SHOES (1)
Lambert Howarth
TEXTILES (2)
Bond St. Fabrics Leeds Dyers
OIL & GAS (1)
SASOL
MINES (1)
Memerdon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	87	1
Corpns. Dom. and Foreign Bonds	1	40	25
Industrials	66	579	789
Financial and Prop.	18	299	278
Oils	6	38	12
Plantations	3	2	18
Mines	35	68	55
Others	23	80	56
Totals	158	1,194	1,187

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed., Aug. 6, 1980: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Aug. 5: Index No.	Mon., Aug. 4: Index No.	Fri., Aug. 1: Index No.	Thur., July 31: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (172)	273.57	−1.7	16.86	6.01	7.18	278.39	279.56	282.04	282.19	243.79
2	Building Materials (28)	254.31	−1.2	18.09	6.59	6.50	257.30	261.66	264.83	266.33	224.31
3	Contracting, Construction (27)	409.62	−1.6	22.18	5.93	5.37	416.26	420.83	423.46	421.39	359.28
4	Electricals (16)	785.08	−2.1	12.49	3.38	9.94	802.07	799.51	806.27	803.70	610.86
5	Engineering Contractors (11)	335.55	−0.4	20.24	7.76	6.20	336.97	336.90	336.67	336.50	369.10
6	Mechanical Engineering (74)	177.18	−1.8	17.88	7.50	6.81	180.37	181.25	182.77	183.10	177.52
8	Metals and Metal Forming (16)	166.28	−1.9	21.80	10.21	5.48	169.49	169.49	171.20	172.16	161.98
11	CONSUMER GOODS (DURABLE) (49)	227.79	−2.5	14.58	5.74	8.25	233.69	234.14	236.82	237.88	231.38
12	Lt. Electronics, Radio, TV (14)	340.03	−2.6	11.29	4.14	10.86	349.19	348.59	353.54	356.14	324.54
13	Household Goods (14)	94.39	−3.5	25.67	11.18	4.92	97.79	98.23	99.04	100.06	149.14
14	Motors and Distributors (21)	101.58	−2.0	22.84	9.73	5.05	103.66	105.02	105.38	104.77	113.00
21	CONSUMER GOODS (NON DURABLES) (172)	230.05	−1.5	17.93	7.01	6.74	233.50	233.57	235.92	236.58	241.44
22	Breweries (14)	279.29	−1.7	16.24	6.59	7.19	284.03	283.06	284.06	284.95	287.56
23	Wines and Spirits (5)	313.37	−1.6	19.36	6.50	6.08	318.35	317.57	320.72	320.95	333.45
24	Entertainment, Catering (17)	323.23	−2.3	17.86	6.92	6.94	330.95	332.00	333.68	334.71	313.89
25	Food Manufacturers (21)	208.54	−2.0	19.50	7.20	6.02	212.80	212.74	213.84	214.25	207.79
26	Food Retailing (13)	346.41	−1.8	12.19	4.60	9.80	352.69	352.58	352.82	352.01	316.18
32	Newspapers, Publishing (13)	427.50	−1.3	21.99	7.50	5.99	433.15	435.06	439.17	442.53	409.28
33	Packaging and Paper (15)	130.61	−1.7	27.36	10.02	4.25	132.90	132.57	133.22	134.04	125.96
34	Stores (45)	226.43	−1.0	13.92	5.55	9.37	228.77	229.71	232.21	233.21	249.69
35	Textiles (21)	123.81	−0.7	26.55	12.76	4.58	124.73	124.66	125.57	125.62	152.69
36	Tobaccos (3)	222.31	−0.9	25.82	10.47	4.41	224.37	222.89	223.88	224.36	247.91
37	Toys and Games (5)	26.97	—	8.34	14.14	27.73	26.97	26.67	26.67	26.53	73.70
41	OTHER GROUPS (99)	219.89	−2.0	16.79	7.05	7.07	224.39	225.02	226.83	227.46	200.61
42	Chemicals (16)	305.45	−1.9	20.31	7.89	5.64	311.38	312.65	316.11	316.09	281.50
43	Pharmaceutical Products (7)	215.98	−3.1	11.72	6.41	10.55	222.85	223.65	227.60	227.66	219.11
44	Office Equipment (6)	105.35	−3.1	19.22	7.87	6.07	108.70	108.01	107.03	106.97	119.66
45	Shipping (10)	574.86	−1.2	13.35	6.14	9.13	581.95	588.69	593.16	594.76	443.97
46	Miscellaneous (60)	280.25	−1.6	16.15	6.60	7.57	284.66	284.99	285.90	287.99	238.55
49	INDUSTRIAL GROUP (492)	245.76	−1.7	17.14	6.66	7.02	250.12	250.63	252.97	253.56	238.60
51	Oils (8)	774.71	—	29.69	6.63	3.72	774.93	771.27	782.10	785.32	661.75
59	500 SHARE INDEX	287.72	−1.4	19.69	6.65	5.95	291.81	292.01	295.01	295.80	272.78
61	FINANCIAL GROUP (118)	224.34	−1.9	—	5.69	—	228.65	228.66	230.11	230.75	189.60
62	Banks (6)	224.49	—	44.99	7.49	2.64	224.54	223.93	225.68	225.26	221.60
63	Discount Houses (10)	279.82	−2.5	—	6.36	—	286.29	291.60	297.11	298.25	255.31
64	Hire Purchase (5)	224.74	−5.6	13.79	4.45	9.45	238.14	243.98	246.65	244.97	167.01
65	Insurance (Life) (10)	223.19	−2.6	—	5.71	—	229.25	227.75	229.29	229.49	148.80
66	Insurance (Composite) (9)	149.97	−3.4	—	7.17	—	155.26	153.78	154.61	155.76	125.63
67	Insurance Brokers (9)	332.77	−1.3	13.96	6.93	9.84	337.07	333.69	337.62	338.84	267.53
68	Merchant Banks (12)	134.76	−1.9	—	5.27	—	137.43	139.54	141.15	141.22	97.58
69	Property (45)	427.79	−2.0	3.33	2.75	41.65	436.61	440.33	441.71	444.61	362.21
70	Miscellaneous (12)	139.42	−0.4	14.84	6.29	8.57	139.94	140.34	141.27	140.53	116.47
71	Investment Trusts (109)	252.96	−1.3	—	5.64	—	256.39	257.14	258.54	259.70	206.94
81	Mining Finance (4)	238.93	−0.2	11.30	4.13	10.67	239.42	239.55	237.71	236.96	121.14
91	Overseas Traders (19)	411.69	−1.0	12.21	7.20	9.87	415.69	417.65	417.99	416.71	334.73
99	ALL-SHARE INDEX (750)	275.00	−1.4	—	6.35	—	279.01	279.23	281.59	282.29	248.60

FIXED INTEREST PRICE INDICES

	British Government	Wed., Aug. 6	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.70	−0.47	—	6.05
2	5-15 years	109.11	−2.37	—	8.31
3	Over 15 years	115.44	−2.83	—	7.91
4	Irredeemables	128.70	−1.88	—	7.24
5	All stocks	109.54	−1.92	—	7.26

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Aug. 6	Tues., Aug. 5	Year ago (approx.)
1	Low Coupons	5 years	12.18	11.87	10.16
2		15 years	12.10	11.75	10.56
3		25 years	12.10	11.75	10.95
4	Medium Coupons	5 years	13.74	13.32	12.08
5		15 years	13.55	13.12	12.08
6		25 years	13.38	12.96	12.07
7	High Coupons	5 years	13.98	13.63	12.32
8		15 years	13.88	13.44	12.45
9		25 years	13.66	13.22	12.38
10	Irredeemables		11.50	11.28	10.57

		Wed. August 6 Index No.	Wed. August 6 Yield %	Tues. Aug. 5	Mon. Aug. 4	Friday Aug. 1	Thurs. July 31	Wed. July 30	Tues. July 29	Mon. July 28	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.90	†13.51	55.50	55.54	55.58	55.65	55.65	55.52	55.52	58.10
16	Investment Trust Prefs. (15)	50.85	13.26	50.94	50.94	50.94	50.94	50.94	50.94	50.94	50.69
17	Coml. and Indl. Prefs. (20)	67.78	13.26	68.58	68.58	68.55	68.55	68.51	68.55	68.56	71.60

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
ICI	£1	10	358	− 8	402	348
Thorn EMI	25p	7	324	−12	348	260
Woolworth (F. W.)	25p	7	59	− 2½	71½	55
Assoc. Dairies	25p	6	196	− 2	204	160
Beecham	25p	6	136	− 6	160	108
Blue Circle	£1	6	354	− 4	388	238
Bowater	£1	6	178	− 6	190	141
GEC	25p	6	464	−12	494	326
RTZ	25p	6	468	+ 1	485	327
Trusthouse Forte	25p	6	178	− 7	200	132
Unitech	10p	6	306	−16	345	195
BICC	50p	5	131	− 2	136	95
GKN	£1	5	241	− 5	279	228
Lonrho "New"	Nil pd.	5	15½pm	− 1½	30½pm	15½pm
Marks & Spencer	25p	5	98	—	102	77

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Stocks to attract money for the call included Sovereign Oil, Lonrho, Grand Metropolitan, *Bambers Stores, Town and City,* British Petroleum, Burmah Oil, First National Finance, BSG International, Associated Fishereries, Vickers and John Brown. No puts or double options were reported.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Cary Sebag Unit Trust Managers (a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

For Schlesinger Trust see Britannia/Schlesinger

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Fds.) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia/Schlesinger

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cruslgraund Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Management & Research

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Grindlays Management Co. Ltd.

Grinmore Mann. Fd. Mgrs. (Guernsey) Ltd.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅟₁₆	99⅟₁₆	Exchequer 13pc 1980‡‡	99⅟₁₆	−⅟₁₆	13.12	15.67
99⅟₁₆	96¼	Treasury 11½pc 1981‡‡	98⅟₁₆	−⅟₁₆	11.68	15.06
95¾	90¾	Treasury 3½pc 1979-81	95⅞xd	+⅛	3.66	12.60
97⅞	93⅛	Treasury 9¾pc 1981‡‡	96⅟₁₆	+¼	10.06	14.71
96¼	91¼	Exch. 8¼pc 1981	95¼	−⅛	8.66	14.30
96⅟₁₆	92¼	Exch. 9½pc 1981	95⅟₁₆	+¼	9.90	14.02
92⅞	85½	Exch. 3pc 1981	92⅜xd	−⅛	3.25	10.99
99⅛	96½	Treas. Variable '81‡‡	98⅟₁₆	+¼	15.37	15.84
99⅟₁₆	95⅟₁₆	Exch. 12¾pc 1981‡‡	98⅛	−¼	12.99	14.24
94⅟₁₆	88½	Treas. 8½pc '80-82‡‡	92⅞	−⅛	9.15	14.08
90	82½	Treasury 3pc '82‡‡	89½xd	......	3.35	10.63
101⅟₁₆	96⅝	Treasury 14pc '82‡‡	99⅝	−⅛	14.05	14.20
98⅟₁₆	94¼	Treas. Variable '82‡‡	98⅟₁₆	+⅛	15.47	16.22
93⅛	86⅛	Treasury 8¼pc '82	90⅝	−½	9.10	13.98
93⅟₁₆	86⅜	Exch. 9¼pc 1982	90⅞	−½	10.18	14.31
92⅝	85	Exch. 8¾pc 1983	89⅞	−½	9.74	13.79
83⅝	76½	Exch. 3pc 1983	82¼xd	−¼	3.65	11.22
83½	82	Exch. 3pc 1983 A●	82	−¼	3.66	11.34
98½	90⅞	Treasury 12pc 1983‡‡	95⅛	−¼	12.61	14.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	88½	−1¼	6.34	14.90
85¼	72½	Do. 6pc 1981-83	83	−1	7.31	12.83
67	58	N.Z. 7¼pc 1988-92	64	−1½	11.43	13.51
81½	72	Do. 7½pc '83-86	79	−1	9.62	12.96
96¾	88	Sth. Africa 9½pc '79-81	94	−1¾	10.36	17.22
160	95	S. Rhod. 2½pc Non-Ass.	108	......	—	26.65
169	133	Do. 6pc '78-81 N.-As.	148	+1	—	26.82

LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	60	−1	8.35	12.65
83½	73½	Alcan 10½pc '89-94	81½	−1	14.37	15.30
29¾	25	Met. Wtr. 3pc 'B'	27¼xd	−½	10.91	13.00
103	89	U.S.M.C. 9pc 1982	100	......	9.16	—
92	85½	Do. without Warrants	90½	−1½	10.15	13.75
		Financial				
99⅛	96½	FFI 13pc 1981	98¾	......	13.16	15.56
101½	93½	Do. 14pc '83	99½	−¼	14.08	14.17
88	79½	FFI(UK Fn)5½pcDb. '80-2	86½	−½	6.51	14.29
82½	71½	Do. 6¼pcDb. '81-84	80	−1	7.98	13.00
92	80½	Do. 10½pc Uns.Ln. '86	90	−½	11.79	13.40
91½	77	Do. 11pc Uns.Ln. '88	89½	......	12.43	13.15
93½	82	Do. 11¾pc Uns.Ln. '90	91½	−1	13.00	13.60
101	84½	Do. 12½pc Un. Ln. 1992	97	−¾	13.55	13.85
66½	56	Do. 7¼pcADeb. '89-92	63½	−1	11.72	13.80
66½	51½	Do. 7¼pcA Db. '91-94	63½	−1	11.99	13.65
76½	64½	Do. 9pc 'A' '91-94	74½	−1	12.71	13.80
71½	61	Do. 8⅞pcLn. '92-97	67½	−1	13.21	13.85

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	77	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
58	20	Chinese 4½pc 1898	20	......	—	—
45	18	Do. 5pc 1912	18	......	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]

CANADIANS

1980 High	Low	Stock	Price	+ or −	Div. Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11⅝	850p	Hudson's Bay ‖	920pxd	−10	♦$1.20	—	4.9
14¼	925p	Hud.B.Oil G. $2½	13	......	h57½	—	1.7
21⅞	13⅛	Imperial Oil‖	15¼	−¼	$1.40	—	3.5
14	855p	Inco‖	930pxd	......	72c	—	2.9
565p	425p	Int. Nat. Gas $1	560p	......	$1.00	—	6.8
495p	265p	Massey Ferg.‖	315p	−20	—	—	—
200p	100p	Place Gas $1	115p	......	—	—	—
14⅞	10⅝	Rio Algom	12⅞	−⅟₁₆	$1.50	—	4.5
20	14½	Royal Bk.Can. $2	19⅞xd	−⅜	$2.56	—	5.0
25½	15⅞	Seagram Co. C$1	23⅞	−⅝	SUS1.10	—	2.1
12	890p	Tor. Dom. Bk. $1	11¼	−⅛	$1.36	—	4.4
10½	815p	Trans Can. Pipe	900p	−15	$1.16	—	4.9

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
95	36	Hanimex Cpn 25c	60	.....	t08c	2.6	6.0	3.3
178	120	Hanson Trust	163	−4	†7.33	2.8	6.4	9.1
£94	£70	Do. 6¼pc Cnv 88-93	£94	.....	Q6½%	M2.1	7.1	—
54	45	Hargreaves 20p	52	.....	3.96	2.2	10.9	(5.0)
78	60	Harris (Ph.) 20p	65	−1	5.5	1.6	12.1	(6.2)
46½	31	Harris & Sheldon	42	−½	3.0	2.3	10.2	5.8
34	26	Hawkins & Tipson	26	.....	‡1.0	3.2	‡	7.9
16¾	9½	Hawtin 5p	10¾	.....	0.25	8.6	3.5	3.5
60	46	Hay (Norman) 10p	59	−1	3.35	1.9	8.1	9.1
274	117	Hay's Wharf £1	244	.....	♦†7.21	3.1	4.2	(9.6)
106	57	Hensher 'A' 10p	99	−2	♦2.5	3.5	3.6	11.4
112	86½	Hepworth Ceram.	106	−1	5.0	3.3	6.7	5.2
36	22	Hestair	26	−1	1.0	1.0	5.5	(1.5)
50	42	Hewitt (J.)	44	.....	1.5	7.4	4.9	3.1
43	24	Highgate & Job 50p	30	.....	—	—	—	—
65	45	Hill (Chas.) £1	54	.....	—	—	—	—
35	17	Hirst Mal'son 20p	17	.....	‡2.6	1.4	‡	(13.9)
85	75	Holden (A.)	85	.....	5.0	3.9	8.4	4.2
51	31	Hollis Bros.	34	.....	1.4	♦	5.9	♦
87	71	Holt Lloyd Int. 10p	87	+1	h3.17	2.5	5.2	9.8
182	120	Hoover 'A'	150	−17	‡72.0	0.9	‡	(14.2)
112	93	Hopkins & H 20p	93	−2	8.0	1.5	12.3	6.8
80	54	Howard Tenens	66	−4	b2.28	—	4.9	—
377	230	Hunting Assoc.	315	.....	5.0	6.6	2.3	8.2
124	66	Huntleigh 10p	122	−2	1.19	2.8	1.4	29.1
106½	55½	Hutch Whamp $HK1	102½	+1½	MQ28c	2.6	2.6	14.8
25½	17	Hyman (I. & J.) 5p	19½	−½	1.25	3.6	9.2	4.3
£11⅝	845	I.C. Industries $1	£10¼	−½	Q$2.00	—	8.4	—
182	111	ICL	169	−6	†h2.97	7.4	2.5	5.8
32	24	Ingall Inds. 10p	26	.....	t2.27	1.7	12.4	7.5

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	.....	—	—	—
97	52	Barymin	57	.....	—	—	—
17	12	Burma Mines 10p	14	.....	0.62	1.1	6.4
148	53	Colby Res. Corp.	148	.....	—	—	—
502	290	Cons. Murch. 10c.	300	.....	HQ100c	1.8	19.1
180	95	††Hemerdon 10c.	95	−5	—	—	—
585	325	Northgate C$1	380	+20	—	—	—
485	327	R.T.Z.	468	+1	15.0	3.2	4.6
33	16	Robert Mines	23	−3	—	—	—
58	26	Sabina Inds. C$1	29	.....	—	—	—
51	38	††SWCM 10p	38	−2	—	—	—
650	411	Tara Exptn. $1	460	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

OPTIONS

3-month Call Rates

Eagle Star	15	Racal Elect.	22	KCA	11
F.N.F.C.	2¾	R.H.M.	4½	Premier	13
Gen. Accident	22	Rank Org.	15	Shell	35
Gen. Electric	30	Reed Intnl.	16	Tricentrol	40
Glaxo	18	Sears	5	Ultramar	35
Grand Met.	12	Tesco	6	Mines	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 26

FINANCIAL TIMES
Thursday August 7 1980

Hurricane hits three Caribbean islands

BY CANUTE JAMES IN KINGSTOWN, JAMAICA, AND TONY CROZIER IN BRIDGETOWN BARBADOS

HURRICANE ALLEN, described by U.S. meteorologists as the worst this century, killed at least 30 people and devastated homes and crops on three Caribbean islands yesterday, but Jamaica escaped the full force of the 175 mph winds.

For several anxious hours, the eye of the hurricane headed directly for Kingston, the Jamaican capital: but it veered north, passing between Jamaica and Cuba in the direction of the Cayman Islands.

The worst effects were felt on the north coast, where hotels in Montego Bay and Ocho Rios were damaged. One hotel, the Trident in Port Antonio, was completely demolished. The impact of crop damage on the island's already depressed economy is likely to be felt for some time.

The loss of life so far has been small compared to the 1,200 killed by Hurricane David last year—16 people died on St. Lucia, five in Haiti and the Dominican Republic and six in Jamaica—but the effect on the region's economy has been more severe.

About 10 per cent of the world's 1980 sugar crop lies in the path of the hurricane, and three small islands in the Leewards chain—St. Lucia, Dominica and Grenada—face the loss of export earnings after severe damage to their banana crops.

St. Lucia has been the worst-hit island so far, with four-fifths of the homes at a retirement community on the northern tip destroyed.

In Vieuxfort, at the southern end, St. Lucia lost three of its most importants plants, the Heineken brewery, an electronics assembly plant owned by the U.S. company, Milton Bradley, and the flour mill.

Mr Michael Pilgrim, the island's Minister of Planning, Industry and Tourism, said it would cost "millions of dollars" to get St. Lucia back on its feet.

Barbados also suffered severe damage to property, with an estimated 200 homes demolished, but there was no loss of life.

After cutting through the Windwards on Tuesday, Hurrican Allen swung northwards, threatening Puerto Rico, but then made straight for Jamaica.

With several hours to prepare, Jamaicans boarded up windows and chained vehicles to the ground. Hotels on the north coast evacuated their guests, and all 60,000 inhabitants of Portmore New Town, a low-lying area about 10 miles from Kingston, were moved to higher ground.

Relief from the hours of anxiety came in the early hours of Wednesday morning, as it was realised that the storm had moved away, and that the winds had dropped to about 130 mph.

First estimates in Kingston are that the damage to Jamaica's sugar and banana crops will rob the island of as much as £19m in export earnings this year, a sore loss at a time when Mr. Michael Manley's Government is struggling to keep the economy alive.

Relations between Jamaica and the International Monetary Fund have broken down, and *the island's short-term debts now exceed foreign exchange* reserves by $500m. Consequently, there is little in public coffers to repair the damage caused by the hurricane.

Carter pledge to industry

BY DAVID LASCELLES IN NEW YORK

PRESIDENT CARTER yesterday arrived in New York to address the U.S. largest black community group and promised an "economic renewal programme" to rebuild the country's industrial foundation and create "millions of jobs."

He followed other Presidential hopefuls who made their pitch before the Urban League earlier this week. In his speech, the President gave further indication of the major economic initiative which he promised earlier this month. The initiative was to have been unveiled before next week's Democratic Convention, but it has since been postponed.

Mr. Carter said yesterday that the main goals behind his programme would be:

- To modernise U.S. industries, and raise their competitiveness and export capability.
- To adapt the country to a new energy environment by investing in energy conservation and production.
- To create more jobs while pursuing reductions in inflation.
- To deal with the problems of distressed areas and unemployed workers needing marketable skills.

The message lacked detail, but it was evident Mr. Carter hopes to prime the economic pump with the proceeds of the controversial windfall profits tax on the oil industry. The tax came into effect in March and is the largest revenue-raising measure ever passed in the U.S.: it will yield about $228bn (£96.6bn) this decade.

Under recently enacted legislation, Congress has earmarked nearly $100bn from the windfall profits tax revenue to help build synthetic fuel plants. But Mr. Carter plainly hopes for a big economic stimulus from investment in energy-saving techniques, and domestic energy exploration and development.

Jurek Martin adds from Washington: The timing of the policy announcement is a matter of much debate inside the Carter Administration.

The principal advocate of the new industrial policy approach is thought to be Mr. Stuart Eizenstat, Mr. Carter's domestic affairs counsellor.

But a more cautious attitude has been taken by Mr. Charles Schultze, chairman of the Council of Economic Advisers, who feels that Government intervention in the private sector should be limited only to special cases.

Plan to save Royal Dockyards

BY WILLIAM HALL, SHIPPING CORRESPONDENT

PLANS to improve productivity in the Royal Dockyards by over a fifth plus a substantial increase in the amount of work subcontracted to the commercial sector are the major recommendations of a consultative document released by the Government yesterday.

The report comes against the background of a mounting crisis in the four UK dockyards at Portsmouth, Devonport, Chatham and Rosyth which together employ 32,400. Declining productivity and high labour turnover have meant that the dockyards' ability to repair the country's warships has been seriously reduced and this is damaging the strength and effectiveness of the fleet.

As a result of low pay and shortages of skilled craftsmen, the capacity of the dockyards is falling by 3 per cent a year and is now over a fifth below what is necessary to effectively service the fleet. The overload is expected to increase "dramatically" over the next decade.

The study, which was conducted under the chairmanship of Mr. Keith Speed, the Navy Minister, reviewed a number of possible solutions including the injection of private capital and the closure of inefficient dockyards.

The report recommends that all four dockyards should be kept open and the introduction of private capital is not a "practical solution at this time." The Government has accepted both these recommendations.

The other key recommendations are the establishment of a trading fund to administer the dockyards.

Background, Page 6

Continued from Page 1

Gilts and sterling

an aberration because of corset distortions and did not reflect the underlying rate of monetary growth.

In an interview on the BBC radio programme PM, Sir Geoffrey said the timing and scale of any reduction in MLR will be unaffected by the latest banking figures.

This indicates that the Government will try to differentiate between past distortions and current and prospective trends in deciding on any change in MLR later this year.

Earlier, in an interview on ITN's News at One programme, Mr. Lawson said it would take a little bit longer to know precisely what is happening to the money supply. "But we do know we are pursuing a tight monetary policy."

Mr. Lawson admitted that monetary growth was "a little bit above the target range. We have a long time to go before the end of the target period next April, and it is still our firm intention to have monetary growth within that period within the target range."

Asked about the interest rates trend, he said: "Of course we are cautious at the present time but the fundamental trend of interest rates is still I believe downwards."

The predominant view in the City is that the next move in MLR will be downwards though there is now more uncertainty about the timing. In particular, there is concern about the underlying trend in view of reports from banks that the demand for credit, particularly from the squeezed company sector, has not yet started to slacken.

In his interview, Sir Geoffrey said most private sector borrowing taking place arises from the need to finance pay claims and from the effects of the recession.

Continued from Page 1

Teachers

to the law on teachers' pay.

This review could end the legal provision which prevented Mrs. Thatcher from setting aside the recommended rises. At present, deadlock in negotiations between the local authorities and teachers' unions leads automatically to statutory arbitration. The results cannot be over-ridden without the consent of both Houses of Parliament.

Another aim of the talks is to end the separate negotiations on teachers' pay and on their working conditions, which could enable future rises to be made conditional on increased productivity.

But, after the discussions had been announced yesterday by Mr. Mark Carlisle, Education Secretary, the 258,000-member National Union of Teachers said it would oppose any changes to the law decided on "unilaterally"

Spain in £190m bid to clean resorts

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government has approved measures to provide Pta 32bn (£190m) to help the country's tourist industry solve urgent water supply, pollution and sanitary problems.

A senior Ministry of Tourism official has described the measures, details of which have not yet been made public, as the most important Government initiatives to aid tourism in the past 10 years.

Half the aid will be provided in direct Government grants, the other half will be made available on favourable terms by the State-controlled Local Credit Institute, which provides Government funds for local authorities.

Sr. Ignacio Aguirre, permanent secretary at the Ministry of Commerce and Tourism, said such an initiative had been pending since 1972.

With some 39m tourists visiting Spain each year, facilities are becoming increasingly overloaded. Investment is urgently needed to prevent pollution and to improve water supplies at some resorts.

The problems have arisen as a result of unplanned development, overloading of facilities, lax environmental control and private ownership of water resources.

Officials will meet next month to co-ordinate details of how the money should be allocated. Up to 80 per cent of the funds to be spent on improvements will be given to the local authorities.

The Tourism Ministry already has a list of places in most urgent need, in particular Mediterranean resorts hard hit by the Catalonian chemical industry, and overloaded resorts like Benidorm.

The funds now being made available are in addition to a recently instituted aid scheme to induce hotel owners to modernise their premises, for which the Government has made Pta3bn (£17.8m) available this year.

A further Pta1.5bn (£8.9m) has been granted to fund the development of hotels in areas still listed as "green."

Latest statistics on tourist arrivals for July show an increase from 5.8m to 6.2m on the same period last year. This includes a 17 per cent increase in the number of tourists coming to Spain by car.

Although in the January to July period there was a 6 per cent drop (equivalent to 2m in the number of tourists) officials believe that the peak two months will see an improvement.

Record response to offshore licences expected

BY RAY DAFTER, ENERGY EDITOR

THE OIL industry is expected to submit a record number of applications for the new round of UK offshore licences in the next few days.

The Government is confident that many new drilling consortia, involving some UK companies new to the oil industry, will be among those seeking seventh-round licences.

Applications—the Government intends to allocate 90 blocks—are due to be submitted by noon on Monday. Judging by the industry's response in past licensing rounds, the majority of submissions will be delivered to the Energy Department tomorrow and on Monday morning.

"Our latest assessment is that the number of applications will be highly favourable," the Department said last night.

*Mr. George Williams, director-*general of the UK Offshore Operators' Association, said: "We expect a good response in this round."

He said that the industry was particularly pleased that the companies were being allowed to select at least 20 of the blocks in addition to those identified by the Government as being on offer.

The Government will raise at least £100m in bonuses from this new round of licences. Each company or consortium awarded a block of its own choosing must pay £5m to the Exchequer, a new feature of this licence round.

There is speculation in the industry that the Government could raise nearer £125m-to-£150m.

The seventh round includes 80 blocks identified by the Government, of which a maximum of 70 are to be licensed. But it is quite possible that the Energy Department will not receive enough serious applications to be able to allocate all 70 of these blocks. (Several of the blocks on offer are in frontier exploration areas.)

Consequently, the Government would probably make up the numbers, to a total allocation of 90 blocks, by including a higher proportion of the self-nominated blocks each carrying an initial payment of £5m.

But there is little doubt that the seventh round will be one of the most successful ever *offered. The number of applications is almost certain to* exceed those in the fifth and *sixth round.*

The response may be even greater than the fourth round in 1971-72, when 228 companies submitted 92 applications for 421 discretionary-award blocks.

British National Oil Corporation alone has formed about 10 consortia with different groups of companies to bid for licences in various parts of the UK Continental Shelf.

BNOC, like other UK-based companies, has found itself courted by overseas oil companies seeking British partners.

Mr. David Howell, the Energy Secretary, has said he wants to see a high UK content in the groups awarded new licences. He also hopes to see new UK interests joining the 270 companies and investment consortia already in the North Sea.

Tanker drivers agree on 20% claim

BY NICK GARNETT, LABOUR STAFF

UNION REPRESENTATIVES of oil company tanker drivers yesterday agreed on a claim involving total increases on the pay bill well above the rise in the retail price index. The move will test the willingness of the companies to heed pressure from the Confederation of British Industry and attempt to secure settlements below the rate of inflation.

The tanker drivers' settlement date is November, and Transport and General Workers Union delegates emphasised that they wanted negotiations completed by the end of October.

This would make their negotiations one of the first in the wage round. The oil companies are already facing claims for substantial rises from their refinery workers who are due to settle in the autumn.

The union's oil trade delegates conference—with representatives from the big five companies together with the smaller operators—did not fix a specific target figure in the claim.

Instead this will be related to the price index and to company profitability. Mr. Jack Aswell, the union's national commercial transport secretary, said the companies, which have been announcing very high profits could well afford to pay above the RPI. Delegates appear to be looking for an overall settlement of 20 per cent or more although not necessarily all on the basic

The negotiating position of the companies has been weakened by Mobil moving its settlement date last year. Drivers at that company, who recently received a pay increase, have moved to a basic rate of £105. This is already 14 per cent above the £92 basic rate that is paid by most other companies.

A recent CBI briefing specifically mentioned the oil companies, and the banks, as profitable sectors where employers should perhaps think about the repercussions on weaker industries if they agreed substantial pay deals.

Some oil company managements might wish to make at least initial offers in line with what the CBI and the Government see as in the national interest.

The companies, which are vulnerable to disputes, will almost certainly take the view that they can afford rises at least in line with the RPI.

Weather

UK TODAY

RAIN over England and Wales will clear. Brighter and drier weather reaching S.E.

London, S.E. and Cen. S. England, E. Anglia, Channel Isles

Cloudy, occasional rain becoming drier and brighter. Max. 20C (68F).

E. England, Midlands, N. Wales, Cen. and N. England

Rather cloudy with outbreaks of rain. Bright intervals. Max. 20C (68F).

S.W. England, S. Wales

Sunny intervals, scattered showers. Max 19C (66F).

Isle of Man, Edinburgh, S.W. Scotland, Highlands

Bright intervals, occasional showers. Max 18C (64F).

Moray, N.E. Scotland, Orkney, Shetland

Rather cloudy, occasional rain or showers. Max 16C (61F).

N.W. Scotland, N. Ireland

Sunny intervals but also showers. Max 17C (63F).

***Outlook:** Mostly dry but rain spreading.*

WORLDWIDE

		Y day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Plms	S	32	90
Algiers	S	30	86	Lisbon	S	30	86
Amsdm.	F	19	66	Locarno	S	30	86
Athens	S	35	95	London	C	19	66
Bahrain	S	38	100	Luxmbg.	F	17	63
Barclna.	S	27	81	Luxor	S	41	106
Beirut	S	31	88	Madrid	S	33	91
Belfast	F	17	63	Majorca	S	30	86
Belgrd.	S	33	91	Malaga	F	27	81
Berlin	C	20	68	Malta	S	31	88
Biarritz	F	23	73	M'chstr.	R	14	57
Bmghm.	R	15	59	Melbne.	R	11	52
Blackpl.	R	15	59	Mex. C.	C	17	63
Bordx.	S	23	73	Milan	S	31	88
Boulgn.	F	17	63	Moscow	C	24	75
Bristol	C	19	66	Munich	F	23	73
Brussels	C	19	66	Nairobi	C	20	68
Budpst.	F	25	77	Naples	S	28	82
B. Aires	S	14	57	Nwcstl.	C	17	63
Cairo	S	36	96	Nice	S	26	79
Cardiff	C	18	64	Nicosia	S	32	90
Cas'b'ca	S	27	81	Oporto	S	21	70
Cape T.	C	15	59	Oslo	F	25	77
Cologne	C	20	68	Paris	S	20	68
Cpnhgn.	C	18	64	Prague	F	23	73
Corfu	S	33	91	Reykjvk.	R	12	54
Dublin	R	13	55	Rhodes	S	30	86
Dbrvnk.	S	32	90	Rome	S	29	84
Ednbgh.	C	17	63	Salzbrg.	F	24	75
Faro	S	26	79	Singapr.	C	30	87
Florence	S	34	93	Stckhm	R	19	66
Frankft.	C	19	66	Strasbg.	F	25	77
Funchal	S	24	75	Sydney	S	17	63
Geneva	S	25	77	Tangier	S	29	84
Gibraltar	R	25	77	Tehran	S	32	90
Glasgow	C	16	61	Tel Aviv	S	30	86
G'nsey	C	17	63	Tenerife	S	35	95
Helsinki	R	19	66	Tokyo	C	24	75
H. Kong	C	30	87	Tunis	S	35	95
Innsbrk.	S	25	77	Valencia	S	30	86
Invrnss.	R	12	54	Venice	S	31	88
I.o.Man	R	14	57	Vienna	F	27	81
Istanbul	S	31	88	Warsaw	F	21	70
Jersey	C	17	63	Zurich	F	24	75
Jo'burg	S	11	52				

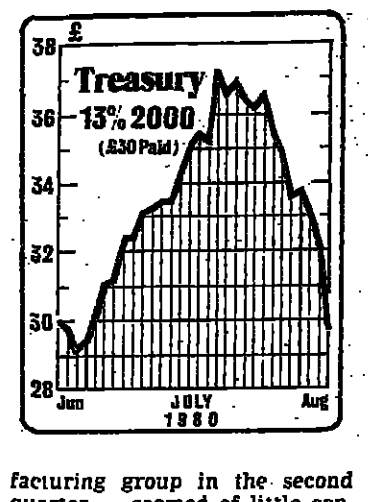
C—Cloudy. F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

Tubes forced to pedal uphill

Before some late bear closing brought prices up from the day's lows, the gilt-edged market's response to the July banking figures had been unequivocally hostile. The most active stock at the long end of the market, Treasury 13 per cent 2000, fell 2¼ points and is now below the level at which it was issued in June. But the prospect of a few more months of high deposit rates kept sterling in demand.

Index fell 7.8 to 473.1



Tube Investments

As recently as May, Tube Investments was expecting interim results, to some extent held back by the steel strike, to come close to the £30.4m achieved in the poor first half of 1979. But the collapse in consumer demand has been so abrupt that even this modest target has proved too high, and pre-tax profits for the six months to June emerge at £24.2m.

The downturn has been most pronounced in the domestic appliance division—one of the strongest performers in recent years—which has seen orders drop sharply as retailers have tried to shed stocks. TI has managed to cut output fast enough to keep its own stock levels under control and, partly thanks to asset disposals, has avoided any significant increase in borrowings.

Some of the decline was attributable to a £2m fall in British Aluminium's profits to £9.1m pre-tax. While TI as a whole restricts itself to remarking that the future is unusually uncertain, BA has come out frankly with a forecast of substantially lower second-half profits: competition from imported semi-fabricated aluminium is intense, and home demand is falling.

Unless the stock cycle among the group's customers as a whole turns unexpectedly quickly and produces a good last quarter, TI is unlikely to make more than £40m to £45m for the year, including perhaps £14m (against £21m) from BA. Last year the group made £52m — after losing £20m through the engineering strike — and the 1978 figure was £80m.

But the interim dividend has been maintained, and the general feeling seems to be that TI will grit its teeth and pay the final, too: tight control over cash evidently does not extend to economising on dividends. On a CCA basis, the group can hardly be breaking even on a pre-tax level, even if it takes a long view of asset lives when working out its replacement cost depreciation charge.

To the equity market, these ugly figures — the first to show the experience of a major manufacturing group in the second quarter — seemed of little consequence, provided the dividend was held. At 258p, the only immediate prop for the shares is the 14.8 per cent yield.

Smith Bros.

Booming golds and Australians, along with a general pick-up in activity throughout the equity list, have transformed the profits picture at Smith Bros., where the £0.52m pre-tax loss in the first six months of the year to April was turned round into a profit of £1.2m in the full twelve months. So the second half produced £1.72m pre-tax, and the results have been "encouraging" in the first quarter of the new financial year.

Smith began 1979-80 with a nasty bull position ahead of the post-election market setback, but it worked its way out of its bad patch. Not only did its specialist sectors perform well, but costs were kept down by the introduction of Talisman and the £100,000 loss in the new Los Angeles market-making operation was turned round into a modest £30,000 profit. Now Smith hopes that the new rules on trading with overseas firms will help its international business to expand. But it warns that a need to maintain its capital base will cause it to go easy on the dividend; despite the profits recovery the payment is only about half as large as two years ago, though the yield, at 39p, is a respectable 9.8 per cent.

Glynwed

Glynwed has managed to push up pre-tax profits at the interim stage by 5 per cent to £9m in spite of operating in some of the sectors worst hit by the recession: steel, engineering and building among them. The company reacted rapidly to the April downturn, introducing short-time working and destocking. In fact, by June stocks were no higher in money terms than at the end of the year. Debt has been reduced from 59 per cent of shareholders' funds to 44 per cent, and short-term borrowings have been eliminated.

Overseas earnings are the key to the stability of profits, with South Africa contributing £2.6m, against £800,000. In the UK the toughest area has been steel stockholding, where the contribution is down 40 per cent at £1.4m. Elsewhere Glynwed seems to be gaining market share in spite of lower demand. The decline in building and consumer products has been held to £1m, while there has been a slight improvement in the steel and engineering division. The overall resilience suggests that pre-tax profits for the full year should not be too badly adrift of the £18.7m last time. The share price eased 2p yesterday to 91p, to produce a prospective yield of nearly 15 per cent and a prospective p/e of about 6½, fully-taxed.

Hoover

The better performance from Hoover in the two quarters around the New Year has proved to be a false dawn with the onset of the downturn in UK consumer spending. A pre-tax profit of £1.8m in the first three months has been transformed into a £200,000 loss in the subsequent quarter. The company's UK sales volume is down more than 20 per cent and it has lost market share all round. With dealers anxious to reduce stocks Hoover has been unable to make a 4 per cent price increase in February stick, while margins on the traditionally more profitable vacuum cleaners are now being squeezed hard by import competition.

Meanwhile Hoover's stocks are sharpely up, along with working capital requirements. Debt has risen from nothing to probably £10m, and is still rising. This is undoubtedly the main reason for the 29 per cent cut in the interim dividend. The scheduled meeting with the unions in a fortnight is likely to unveil some tough measures, and the associated costs, together with the onset of a decline in the European market, make it likely that profits will be below even last year's £1.9m. The share price dropped 17p yesterday to 150p, producing a prospective yield of about 8¼ per cent if the final is cut in line with the interim.

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